



HEALTH QUARTERLY STATEMENT

As of June 30, 2004
of the Condition and Affairs of the

BLUE CROSS BLUE SHIELD OF MICHIGAN

NAIC Group Code..... 0572, 0000
(Current Period) (Prior Period)

NAIC Company Code..... 54291

Employer's ID Number..... 38-2069753

Organized under the Laws of Michigan

State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as Business Type Hospital, Medical & Dental Service or Indemnity

Is HMO Federally Qualified? Yes [] No [X]

Incorporated..... February 1, 1975

Commenced Business..... January 1, 1975

Statutory Home Office

600 Lafayette East Detroit MI 48226
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office

600 Lafayette East Detroit MI 48226
(Street and Number) (City or Town, State and Zip Code)

313-225-9000
(Area Code) (Telephone Number)

Mail Address

600 Lafayette East Detroit MI 48226
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records

600 Lafayette East Detroit MI 48226
(Street and Number) (City or Town, State and Zip Code)

313-225-9000
(Area Code) (Telephone Number)

Internet Website Address

http://bcbsm.com/

Statutory Statement Contact

Kenneth A. Bluhm
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Policyowner Relations Contact

600 Lafayette East Detroit MI 48226
(Street and Number) (City or Town, State and Zip Code)

313-225-9000
(Area Code) (Telephone Number) (Extension)

OFFICERS

Name	Title	Name	Title
1. RICHARD E. WHITMER	President and CEO	2. LISA S. DEMOSS	Secretary
3. CAROLYNN WALTON	Treasurer		

OTHER

J. PAUL AUSTIN	Senior Vice President	MARK R. BARTLETT	Chief Financial Officer
LISA S. DEMOSS	General Counsel and Corporate Secretary	JAMES C. EPOLITO	Senior Vice President
GEORGE F. FRANCIS, III	Chief Administrative Officer	DANIEL J. LOEPP	Chief of Staff
KEVIN L. SEITZ	Senior Vice President	WILLIAM P. SMITH	Chief Information Officer
LESLIE A. VIEGAS	Senior Vice President	THOMAS L. SIMMER #	Chief Medical Officer

DIRECTORS OR TRUSTEES

JAMES G. AGEE	JON E. BARFIELD	WILLIAM H. BLACK	ARLENE R. BRENNAN , RN
GERSON I. COOPER	JOHN W. COPELAND	PATRICK J. DEVLIN	MARK T. GAFFNEY
CHARLES M. GAYNEY	THOMAS J. HADRYCH	JOHN M. HAMILTON	TEOLA P. HUNTER
LILA R. JOHNSON	SPENCER C. JOHNSON	JOANNE LAFLECHE-GALLAGHER	JOHN M. MACKEIGAN , MD
A. BARRY MCGUIRE	GARY J. MCINERNEY	CULLAN F. MEATHE	LIVIO MEZZA #
PETER T. MULLER ,MD #	ROBERT A. PATZER	CALVIN T. RAPSON	JAMES W. RICHARDS , RPH
IRIS K. SALTERS	JAMES U. SETTLES #	KATHLEEN B. SHAPIRO	RICHARD SHOEMAKER
DONALD E. STROUD , DDS	GREGORY A. SUDDERTH	S. MARTIN TAYLOR	JOHN VANDER MOLEN
RICHARD E. WHITMER	L.L. "WOODY" WILLIAMS	LEWIN WYATT JR., DO	

State of..... MICHIGAN
County of..... WAYNE

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, which is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
RICHARD E. WHITMER	LISA S. DEMOSS	CAROLYNN WALTON
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
President and CEO	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me

a. Is this an original filing? Yes [X] No []

This day of

b. If no:

1. State the amendment number

2. Date filed

3. Number of pages attached

BLUE CROSS BLUE SHIELD OF MICHIGAN
ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	2,199,654,078		2,199,654,078	1,881,600,490
2. Stocks:				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....	883,135,992	14,180,054	868,955,938	800,433,976
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	186,050,096	412,223	185,637,873	194,914,444
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....(141,295,768)), cash equivalents (\$.....0) and short-term investments (\$.....168,720,030).....	27,424,262		27,424,262	184,594,801
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Other invested assets.....	202,969,791		202,969,791	191,571,086
8. Receivable for securities.....			.0	
9. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9).....	3,499,234,219	14,592,277	3,484,641,942	3,253,114,797
11. Investment income due and accrued.....	20,945,137		20,945,137	14,746,343
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection.....	49,690,540		49,690,540	15,138,964
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			.0	
12.3 Accrued retrospective premiums.....			.0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers.....			.0	
13.2 Funds held by or deposited with reinsured companies.....			.0	
13.3 Other amounts receivable under reinsurance contracts.....			.0	
14. Amounts receivable relating to uninsured plans.....	8,009,529		8,009,529	13,602,992
15.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	
15.2 Net deferred tax asset.....	33,111,809		33,111,809	23,450,593
16. Guaranty funds receivable or on deposit.....			.0	
17. Electronic data processing equipment and software.....	60,105,813	49,540,325	10,565,488	51,262,963
18. Furniture and equipment, including health care delivery assets (\$.....0).....	8,318,047	8,318,047	.0	9,474,926
19. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
20. Receivable from parent, subsidiaries and affiliates.....	34,590,451		34,590,451	25,610,717
21. Health care (\$.....30,531,197) and other amounts receivable.....	88,654,869	2,779,928	85,874,941	78,008,073
22. Other assets nonadmitted.....			.0	
23. Aggregate write-ins for other than invested assets.....	236,601,361	81,995,815	154,605,546	771,933,907
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23).....	4,039,261,775	157,226,392	3,882,035,383	4,256,344,275
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
26. TOTALS (Lines 24 and 25).....	4,039,261,775	157,226,392	3,882,035,383	4,256,344,275

DETAILS OF WRITE-INS				
0901. ....			.0	
0902. ....			.0	
0903. ....			.0	
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.0	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.0	.0	.0	.0
2301. Miscellaneous Accounts Receivable.....	5,851,764	5,851,764	.0	35,983,264
2302. Securities Lending Collateral Receivable.....			.0	390,298,779
2303. Prepaid and Other Assets.....	4,433,142	4,433,142	.0	3,273,753
2398. Summary of remaining write-ins for Line 23 from overflow page.....	226,316,455	71,710,909	154,605,546	342,378,111
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	236,601,361	81,995,815	154,605,546	771,933,907

BLUE CROSS BLUE SHIELD OF MICHIGAN
LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$.....0 reinsurance ceded).....	621,437,503		621,437,503	576,481,245
2. Accrued medical incentive pool and bonus amounts.....			0	
3. Unpaid claims adjustment expenses.....	59,838,217		59,838,217	55,467,674
4. Aggregate health policy reserves.....	414,838,788		414,838,788	475,739,600
5. Aggregate life policy reserves.....			0	
6. Property/casualty unearned premium reserve.....			0	
7. Aggregate health claim reserves.....			0	
8. Premiums received in advance.....			0	
9. General expenses due or accrued.....	109,920,616		109,920,616	113,184,303
10.1 Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized gains (losses)).....	18,134,258		18,134,258	33,652,739
10.2 Net deferred tax liability.....			0	
11. Ceded reinsurance premiums payable.....			0	
12. Amounts withheld or retained for the account of others.....	6,893,346		6,893,346	5,506,735
13. Remittances and items not allocated.....			0	
14. Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current).....			0	
15. Amounts due to parent, subsidiaries and affiliates.....	11,186,935		11,186,935	8,618,964
16. Payable for securities.....			0	
17. Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers).....			0	
18. Reinsurance in unauthorized companies.....			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Liability for amounts held under uninsured accident and health plans.....	143,348,667		143,348,667	136,344,660
21. Aggregate write-ins for other liabilities (including \$.....0 current).....	437,804,136	0	437,804,136	953,225,076
22. Total liabilities (Lines 1 to 21).....	1,823,402,466	0	1,823,402,466	2,358,220,996
23. Common capital stock.....	XXX	XXX		
24. Preferred capital stock.....	XXX	XXX		
25. Gross paid in and contributed surplus.....	XXX	XXX		
26. Surplus notes.....	XXX	XXX		
27. Aggregate write-ins for other than special surplus funds.....	XXX	XXX	0	391,375,006
28. Unassigned funds (surplus).....	XXX	XXX	2,058,632,917	1,506,748,273
29. Less treasury stock, at cost:				
29.1 .....0.000 shares common (value included in Line 23 \$.....0).....	XXX	XXX		
29.2 .....0.000 shares preferred (value included in Line 24 \$.....0).....	XXX	XXX		
30. Total capital and surplus (Lines 23 to 28 minus Line 29).....	XXX	XXX	2,058,632,917	1,898,123,279
31. Total liabilities, capital and surplus (Lines 22 and 30).....	XXX	XXX	3,882,035,383	4,256,344,275

DETAILS OF WRITE-INS

2101. Postretirement Liabilities.....	179,656,065		179,656,065	314,060,732
2102. Securities Lending Collateral Payable.....			0	390,298,779
2103. Liability for Uncashed Checks.....	12,761,894		12,761,894	12,708,651
2198. Summary of remaining write-ins for Line 21 from overflow page.....	245,386,177	0	245,386,177	236,156,914
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above).....	437,804,136	0	437,804,136	953,225,076
2701. Managed Care Division Accumulated Funds.....	XXX	XXX		152,393,126
2702. Accident Fund Insurance Company of America Accumulated Funds.....	XXX	XXX		238,245,880
2703. DenteMax Accumulated Funds.....	XXX	XXX		726,000
2798. Summary of remaining write-ins for Line 27 from overflow page.....	XXX	XXX	0	10,000
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	XXX	XXX	0	391,375,006

BLUE CROSS BLUE SHIELD OF MICHIGAN
STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months.....	XXX	15,858,347	16,667,772
2. Net premium income (including \$.....0 non-health premium income).....	XXX	2,724,211,457	2,748,836,033
3. Change in unearned premium reserves and reserve for rate credits.....	XXX	60,900,812	26,212,629
4. Fee-for-service (net of \$.....0 medical expenses).....	XXX		
5. Risk revenue.....	XXX		
6. Aggregate write-ins for other health care related revenues.....	XXX	0	0
7. Aggregate write-ins for other non-health revenues.....	XXX	0	0
8. Total revenues (Lines 2 to 7).....	XXX	2,785,112,269	2,775,048,662
Hospital and Medical:			
9. Hospital/medical benefits.....		1,959,664,745	1,911,345,063
10. Other professional services.....		46,947,998	53,051,040
11. Outside referrals.....			
12. Emergency room and out-of-area.....			
13. Prescription drugs.....		443,499,665	460,814,746
14. Aggregate write-ins for other hospital and medical.....0		0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			5,608,664
16. Subtotal (Lines 9 to 15).....0		2,450,112,408	2,430,819,513
Less:			
17. Net reinsurance recoveries.....			
18. Total hospital and medical (Lines 16 minus 17).....0		2,450,112,408	2,430,819,513
19. Non-health claims.....			
20. Claims adjustment expenses, including \$.....14,523,602 cost containment expenses.....		73,838,835	66,885,724
21. General administrative expenses.....		135,848,302	212,499,889
22. Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only).....		(6,317,000)	
23. Total underwriting deductions (Lines 18 through 22).....0		2,653,482,545	2,710,205,126
24. Net underwriting gain or (loss) (Lines 8 minus 23).....XXX		131,629,724	64,843,536
25. Net investment income earned.....		41,926,213	28,337,962
26. Net realized capital gains (losses).....		13,062,472	28,745,469
27. Net investment gains or (losses) (Lines 25 plus 26).....0		54,988,685	57,083,431
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)].....			
29. Aggregate write-ins for other income or expenses.....0		11,665,175	62,301,040
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29).....XXX		198,283,584	184,228,008
31. Federal and foreign income taxes incurred.....XXX		34,898,000	32,025,000
32. Net income (loss) (Lines 30 minus 31).....XXX		163,385,584	152,203,008

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page.....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above).....	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page.....0		0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....0		0	0
2901. Miscellaneous Income.....		11,665,175	20,565,040
2902. Gain/ (Loss) from Managed Care Division.....			10,748,000
2903. Gain (Loss) from Accident Fund Company.....			22,689,000
2998. Summary of remaining write-ins for Line 29 from overflow page.....0		0	8,299,000
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....0		11,665,175	62,301,040

BLUE CROSS BLUE SHIELD OF MICHIGAN
STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT		
	1 Current Year to Date	2 Prior Year
33. Capital and surplus prior reporting year.....	1,898,123,279	1,532,349,682
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32.....	163,385,584	374,497,394
35. Change in valuation basis of aggregate policy and claim reserves.....		
36. Net unrealized capital gains and losses.....	5,603,817	(8,723,796)
37. Change in net unrealized foreign exchange capital gain or (loss).....		
38. Change in net deferred income tax.....		
39. Change in nonadmitted assets.....	12,495,000	
40. Change in unauthorized reinsurance.....		
41. Change in treasury stock.....		
42. Change in surplus notes.....		
43. Cumulative effect of changes in accounting principles.....	(20,974,763)	
44. Capital changes:		
44.1 Paid in.....		
44.2 Transferred from surplus (Stock Dividend).....		
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in.....		
45.2 Transferred to capital (Stock Dividend).....		
45.3 Transferred from capital.....		
46. Dividends to stockholders.....		
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0
48. Net change in capital and surplus (Lines 34 to 47).....	160,509,638	365,773,598
49. Capital and surplus end of reporting period (Line 33 plus 48).....	2,058,632,917	1,898,123,279

DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above).....	0	0

BLUE CROSS BLUE SHIELD OF MICHIGAN
CASH FLOW

		1	2
		Current Year to Date	Prior Year Ended December 31
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	2,769,037,201	5,704,356,546
2.	Net investment income.....	46,154,580	89,757,402
3.	Miscellaneous income.....	(60,031,935)	108,869,223
4.	Total (Lines 1 through 3).....	2,755,159,846	5,902,983,171
5.	Benefit and loss related payments.....	2,280,942,957	4,868,988,343
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	202,986,818	447,477,685
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) \$.....0 net tax on capital gains (losses).....	60,077,697	79,300,041
10.	Total (Lines 5 through 9).....	2,544,007,472	5,395,766,069
11.	Net cash from operations (Line 4 minus Line 10).....	211,152,374	507,217,102
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	2,122,447,369	3,535,977,307
12.2	Stocks.....	66,004,188	47,614,407
12.3	Mortgage loans.....		
12.4	Real estate.....	4,886,088	4,176,594
12.5	Other invested assets.....	299,703	4,324,894
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7	Miscellaneous proceeds.....		
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	2,193,637,348	3,592,093,202
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	2,482,626,633	4,018,295,735
13.2	Stocks.....	109,377,856	155,961,376
13.3	Mortgage loans.....		
13.4	Real estate.....	1,757,936	5,027,257
13.5	Other invested assets.....	813,900	5,913,537
13.6	Miscellaneous applications.....		
13.7	Total investments acquired (Lines 13.1 to 13.6).....	2,594,576,325	4,185,197,905
14.	Net increase (decrease) in policy loans and premium notes.....		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14).....	(400,938,977)	(593,104,703)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes.....		
16.2	Capital and paid in surplus, less treasury stock.....		
16.3	Borrowed funds received.....		151,515,000
16.4	Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5	Dividends to stockholders.....		
16.6	Other cash provided (applied).....	32,616,064	(37,017,183)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	32,616,064	114,497,817
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17).....	(157,170,539)	28,610,216
19.	Cash and short-term investments:		
19.1	Beginning of year.....	184,594,801	155,984,585
19.2	End of period (Line 18 plus Line 19.1).....	27,424,262	184,594,801
Note: Supplemental disclosures of cash flow information for non-cash transactions:			
20.0001	.....	
20.9999	Totals.....	0	0

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Stop Loss	11 Disability Income	12 Long-Term Care	13 Other
		2 Individual	3 Group										
Total Members at End of:													
1. Prior Year.....	2,698,830	94,099	1,469,657	202,867	5,749	31,517	68,250			826,691			
2. First Quarter.....	2,640,512	94,717	1,404,728	203,113	5,549	27,323	72,626			832,456			
3. Second Quarter.....	2,632,677	104,503	1,373,095	208,276	4,326	25,169	72,986			844,322			
4. Third Quarter.....	0												
5. Current Year.....	0												
6. Current Year Member Months.....	15,858,347	618,065	8,350,976	1,243,964	29,686	157,803	437,159			5,020,694			
Total Member Ambulatory Encounters for Period:													
7. Physician.....	0												
8. Non-Physician.....	0												
9. Total.....	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred.....	0												
11. Number of Inpatient Admissions.....	0												
12. Health Premiums Written	2,803,589,027	85,901,874	2,409,538,127	103,655,497	8,764,956	45,155,295	102,470,213			48,103,065			
13. Life Premiums Direct.....	0												
14. Property/Casualty Premiums Written.....	0												
15. Health Premiums Earned.....	0												
16. Property/Casualty Premiums Earned.....	0												
17. Amount Paid for Provision of Health Care Services.....	2,405,156,149	104,128,209	1,968,714,499	166,490,097	6,891,186	38,145,130	95,455,295			25,331,733			
18. Amount Incurred for Provision of Health Care Services....	2,450,112,407	108,920,522	1,996,900,525	169,899,628	6,938,434	38,418,718	95,159,044			33,875,536			

BLUE CROSS BLUE SHIELD OF MICHIGAN

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

1	2	3	4	5	6	7
Account	1 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	Over 120 Days	Total
Claims Unpaid (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered.....	27,473,794	3,029,861	397,591	45,316	5,010	30,951,572
0499999. Subtotals.....	27,473,794	3,029,861	397,591	45,316	5,010	30,951,572
0599999. Unreported Claims and Other Claim Reserves.....						590,485,933
0799999. Total Claims Unpaid.....						621,437,505

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

	Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1.	Comprehensive (hospital and medical).....	366,617,248	1,706,225,459	53,580,020	436,236,399	420,197,268	455,312,764
2.	Medicare Supplement.....	40,237,618	126,252,479	5,914,739	52,264,551	46,152,357	54,769,759
3.	Dental only.....	4,709,969	33,435,161	341,969	5,252,571	5,051,938	7,837,088
4.	Vision only.....	1,144,338	5,746,848	65,391	1,148,447	1,209,729	1,148,107
5.	Federal Employees Health Benefits Plan Premiums.....	24,735,108	70,720,187	8,186,096	27,252,705	32,921,204	35,735,050
6.	Title XVIII - Medicare.....					0	
7.	Title XIX - Medicaid.....					0	
8.	Other health.....		25,331,733	21,678,477	9,516,140	21,678,477	21,678,477
9.	Health subtotal (Lines 1 to 8).....	437,444,281	1,967,711,867	89,766,692	531,670,813	527,210,973	576,481,245
10.	Other non-health.....					0	
11.	Medical incentive pools and bonus amounts.....					0	
12.	Totals.....	437,444,281	1,967,711,867	89,766,692	531,670,813	527,210,973	576,481,245

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

In accordance with Michigan Public Act 350 of 1980 and amended by Act 59 of 2003, the financial statements of Blue Cross Blue Shield of Michigan (BCBSM or the “Company”) are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services (“OFIS”). Prior to Act 59, BCBSM was required to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The final year of reporting financial statements on a GAAP basis was 2003. The prior year financial data contained in this filing is reported on a GAAP basis and has not been restated. As described below, all annual statements filed with the Michigan OFIS beginning in 2004 will be prepared using Statutory Accounting Principles (SAP).

The Michigan OFIS recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The Michigan OFIS has adopted the National Association of Insurance Commissioners’ Accounting Practices and Procedures (NAIC SAP) as the basis for its statutory accounting practices. The accompanying financial statements have been prepared, except as to form, in conformity with accounting practices prescribed or permitted by the Michigan OFIS.

The Commissioner of the Michigan OFIS has the right to permit other specific practices that may deviate from prescribed practices. In accordance with Act 59, the Company, in agreement with the Michigan OFIS, adopted a three-year plan allowing transition of its reporting from accounting principles generally accepted in the United States of America (“GAAP”) to statutory accounting practices (“SAP”). Implementation of the transition plan began with the statutory filing for the first quarter of 2004. All statutory requirements under the transition plan will be fully adopted by and phased in by January 1, 2007.

The essential elements of the transition plan, as set forth in State Order No. 03-080M are as follows:

- 1. **Bonds**—The Company will report the any security purchased on or before December 31, 2003 on a GAAP basis and any new securities purchased after December 31, 2003 will be reported in accordance with SAP. Approximately 33% of the Company’s portfolio will be valued on a SAP basis after year 1, 66% after year 2 and the entire balance after year 3.

As of June 30, 2004, \$1.4 billion of the \$1.8 billion of bonds held at December 31, 2003 have been disposed of, representing a 78% churn rate during the first six months of transition.

- 2. **Investment in subsidiaries**— The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.

In accordance with SSAP No. 68, the Company reports its investments in subsidiaries inclusive of related goodwill balances. Included in the Company’s common stock balance are the investments in Blue Care Network, The Accident Fund Insurance Company of America and DenteMax. In addition, the Company reports its investment in PPOM as part of other invested assets on Schedule BA. As of June 30, 2004 the breakdown between goodwill and investments in subsidiaries is shown below

NOTES TO FINANCIAL STATEMENTS

	June 30, 2004	
	Statement Value	
Common Stock Investments in Subsidiaries:		
Investment in BCN*	\$ 187,086,946	
Investment in AFICA	454,331,000	
AFICA goodwill	66,639,000	
Investment in DenteMax	3,134,000	
DenteMax goodwill	12,126,000	
Amount included in common stock	\$ 723,316,946	
Schedule BA Investment in Subsidiary:		
Investment in PPOM	\$ 15,492,000	
PPOM goodwill	146,913,000	
Amount included in other invested assets	\$ 162,405,000	
Summary:		
Investment in Subsidiaries	\$ 660,043,946	
Goodwill	225,678,000	
Total Investment in Subsidiaries (incl Goodwill)	\$ 885,721,946	
* Includes investments in BCN, BCMI, Malpractice Trust and Stoploss Trust		

As of June 30, 2004 the Company’s goodwill balances were fully admissible based on the calculation set forth in the transition plan. The goodwill limitation calculated based on the transition plan was \$283.5 million and the Company’s actual goodwill balance was \$225.7 million, resulting in a fully admitted asset.

The investment balances shown above for the Company’s investments in insurance SCA entities, BCN and AFICA, are reported based on the underlying statutory equity of these entities adjusted by the phase-in percentage allowed under the transition plan.

	A	B	C	D	A + D
	GAAP Equity	SAP Equity	100% Adjustment	25% Transition Phase-In	Statement Value
Investment in BCN	191,136,000	174,939,784	(16,196,216)	(4,049,054)	187,086,946
Investment in AFICA*	464,462,000	423,938,000	(40,524,000)	(10,131,000)	454,331,000
* Excludes goodwill					

3. **Goodwill**—The Company will apply SAP guidelines, however, beginning January 1, 2004, the percentage of surplus limitation will be as follows: 1st year 16%, 2nd year 14% and 3rd year 12%.
4. **Regulatory asset**—The Company will non-admit the balance based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.
5. **Furniture, equipment and automobiles**— The Company will non-admit balances in accordance with SSAP No. 19, *Furniture and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements* and SSAP No. 20, *Nonadmitted Assets*.
6. **Retiree health obligation**— The Company will discontinue reporting an obligation for non-vested employees. The statutory impact will be reported in the first year.
7. **Retiree pension asset**— The Company will non-admit the balance based on the following minimum percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.
8. **Prepaid expenses and other assets-** The Company will non-admit balances in accordance with SAP.

A reconciliation of the Company’s net income and capital and surplus between GAAP and practices prescribed and permitted by the State of Michigan is shown below (in thousands):

NOTES TO FINANCIAL STATEMENTS

GAAP net income, June 30, 2004	\$ 225,469
Add (Deduct) GAAP to Statutory differences	
Sale-leaseback adjustments	15,389
Affiliates' earnings reported as change in unrealized capital gain	(77,472)
Statutory net income, June 30, 2004	\$ 163,386
GAAP surplus, June 30, 2004	\$ 2,033,026
Add sale-leaseback adjustments	22,193
Add(Deduct) bond adjustment net of tax	11,896
Add(Deduct) assets or liabilities not admitted as set forth in the transition plan:	
Investment in subsidiaries	(14,180)
Regulatory asset	(13,099)
Furniture, fixtures and automobiles	(9,187)
Retiree health obligation	148,746
Retiree pension asset	(27,437)
Non-admitted portion of advances to providers	(30,306)
Electronic data processing equipment and software	(49,540)
Health care receivables	(2,780)
Prepaid and other assets	(4,433)
Leasehold improvements	(412)
Miscellaneous receivables	(5,852)
Statutory surplus, June 30, 2004	\$ 2,058,635

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements, in conformity with SAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term investments are recorded at amortized cost, which approximates market value, and include commercial paper, certificates of deposits, and other readily marketable investments with initial maturities less than one year.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method except for those bonds that were purchased on or before December 31, 2003, which are stated at market value.
- (3) Common stocks are stated at market.
- (4) Preferred Stocks – NOT APPLICABLE
- (5) Mortgage loans on real estate – NOT APPLICABLE
- (6) Loan-backed securities are stated at amortized cost.
- (7) Investment in subsidiaries and goodwill- The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50%, 3rd year 75%. The Company will follow SAP guidelines for goodwill using the following percentage of surplus limitation: 1st year 16%, 2nd year 14%, 3rd year 12%.
- (8) Investments in joint ventures, partnerships and limited liability companies

The Company has minor ownership interests in partnerships or limited liability companies. The company carries the investment in partnership based on the underlying audited GAAP equity of the partnership.
- (9) Derivatives – NOT APPLICABLE
- (10) A liability for premium deficiency losses is recognized when it is probable that expected claim losses and allocable administrative expenses will exceed future premiums on existing health and other contracts without consideration of investment income. For purposes of premium deficiency losses, contracts are grouped in a manner consistent with the Company’s method of acquiring, servicing and

NOTES TO FINANCIAL STATEMENTS

measuring the profitability of such contracts. Once established, premium deficiency losses are amortized over the period that the contract is in a loss position. The Company did not consider investment income as a factor in the premium deficiency calculation.

- (11) Claims Unpaid- The liability for incurred but unpaid and unreported medical and hospital claims is accrued in the period during which the services are provided, and includes actuarial estimates of services performed which have not been reported by providers to BCBSM. Such estimates are based on historical claims experience modified for current trends and changes in benefits provided. Revisions in actuarial estimates are reported in the period in which they arise.
- (12) Real Estate – Real property occupied by the Company is stated at cost and is depreciated using the straight-line method over estimated useful lives ranging from 30 to 40 years for buildings.
- (13) Long-Lived Assets - Long-lived assets held and used by the Company are reviewed for impairment based on market factors and operational considerations whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.
- (14) Area Rated Groups – The Company's rating formula for area rated groups is subject to regulation by the Michigan OFIS. The difference between costs and revenues for area rated groups are considered regulatory assets or liabilities because they are, over time, either returned to the groups or collected from them via future rate adjustments. A regulatory asset is carried on the balance sheet to the extent the Company considers it probable that the rating formula for future years will be sufficient to recover the asset. The Company will non-admit the balance based on the following percentages: 1st year 25%, 2nd year 50% and 3rd year 75%.
- (15) Premium and Fee Revenues - Premiums, which generally are billed in advance, are recognized as revenue during the respective periods of coverage. Premiums applicable to the unexpired portion of coverage are reported as unearned revenue. Fee revenue primarily consists of administrative fees for services provided under administrative service contracts ("ASC"), including management of medical services, claims processing and access to provider networks. Under ASC arrangements, self-funded groups retain the full risk of paying claims. Amounts due from ASC groups are equal to the amounts required to pay claims and administrative fees. Administrative fees are earned as services are performed and are calculated based on the number of members in a group or the group's claim experience. Since benefit expenses for ASC arrangements are not the responsibility of the Company, claims paid by the Company and the corresponding reimbursement of claims plus administrative fees are netted in the financial statements. Administrative expenses related to ASC arrangements are included in operating expenses.

2. Accounting Changes and Corrections of Errors

- A. Under the provisions of Act 59, the Company is required to prepare statutory financial statements in accordance with SAP prescribed or permitted by OFIS. Prior to the enactment of the new law, the Company was required to prepare its statutory statements in accordance with GAAP.
- B. The Company and OFIS have agreed to a three-year plan that will allow the Company to transition its statutory reporting from GAAP to SAP in a non-disruptive manner. Implementation of the transition plan begins with the statutory filing for the first quarter of 2004.
- C. Accounting changes adopted to comply with the OFIS approved transition plan are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds in the period of the change in accounting principle. The adoption of the new accounting principle had the effect of decreasing unassigned surplus at January 1, 2004, reported as a change of accounting principle, of \$20,974,763. The cumulative effect is the difference between the amount of capital and surplus at January 1, 2004, and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

3. Business Combinations – NOT APPLICABLE

4. Discontinued Operations – NOT APPLICABLE

5. Investments

- A. Mortgage Loans – NOT APPLICABLE
- B. Debt Restructuring – NOT APPLICABLE
- C. Reverse Mortgages – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

- D. Loan-Backed Securities are stated in accordance with the agreed upon transition plan.
 - E. Repurchase Agreements – NOT APPLICABLE
 - F. Real Estate – NOT APPLICABLE
6. Joint Ventures, Partnerships and Limited Liability Companies
- A. The Company has no investments in partnerships or limited liability companies that exceed 10 percent of its admitted assets.
 - B. The Company did not recognize any impairment for its investments in partnerships or limited liability companies during the statement period.
7. Investment Income
- A. Investment income due and accrued with amounts that are over 90 days past due will be non-admitted.
 - B. No investment income due and accrued was non-admitted at June 30, 2004.
8. Derivative Instruments – NOT APPLICABLE
9. Income Taxes
- No significant change from first quarter.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is incorporated as a nonprofit corporation under the provisions of Public Act 350 (“P.A. 350”) of the State of Michigan. Hospital, medical and other health benefits are provided under contracts with subscribers. The Company owns 100% of Blue Care Network of Michigan (“BCNM”), a health maintenance organization (“HMO”) subsidiary that provides health care services to subscribers and contracts with various physician groups, hospitals and other health care providers to provide such services. The Company also owns 100% of Accident Fund Insurance Company of America (“Accident Fund”), a provider of workers’ compensation insurance and PPOM, LLC and DenteMax, providers of network services.

BCBSM conducts business transactions with its wholly owned subsidiaries on a routine basis. The Company will use the current equity method and follow SAP in valuing the subsidiaries. The Company will have three years to record the statutory impact to surplus for investment in subsidiaries based on the following percentages: 1st year 25%, 2nd year 50%, 3rd year 75%.

At June 30, 2004, BCBSM had receivables from subsidiaries amounting to \$ 34,590,451. There were no changes to the terms of intercompany arrangements.

11. Debt – NOT APPLICABLE
12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan
- Substantially all employees who meet certain requirements of age and length of service are covered by the Company's defined benefit retirement income plans. Benefits paid to retirees are based on age at retirement, years of credited service and highest monthly average earnings over 60 consecutive months.
- Under the Company's amended retirement account plan, each participant has an account balance to which interest and earnings credits are added. Interest will be credited quarterly based on the prior August one-year Treasury bill rate. Annual earnings credits of 6% to 10% are credited to participants’ account balances on a monthly basis and monthly 2% annual transition credits are made through 2008. Employees can elect to receive the lump-sum value of their vested account balance or monthly payments at retirement or termination.
- The Company also provides certain health care and selected other benefits for retired employees and their dependents. Represented and nonrepresented employees who have at least ten years of service after age 45 and retire from active employment or who become disabled and meet certain benefit and service requirements are eligible.
- For nonrepresented employees, this benefit is subject to revision at the discretion of the Board of Directors. For represented employees, this benefit is subject to collective bargaining agreements. These plans are noncontributory plans.

Certain revisions to the nonrepresented employees’ postretirement benefits other than pensions took effect

NOTES TO FINANCIAL STATEMENTS

January 1, 2004. Nonrepresented employees retiring after December 31, 2003 may share in the cost of their health care premiums and have higher deductibles and co-payments depending on their eligibility status at December 31, 2003. Additionally, nonrepresented employees hired on or after January 1, 2004 are required to have fifteen years of service after age 45 to be eligible for retiree health care benefits and selected other benefits.

There is no significant change to the summary of assets, obligations and assumptions of the pension and other postretirement benefit plans from the prior period reported.

B. Defined Contribution Plan

Substantially all employees of the Company who have attained the age of 21 years and have completed three months of continuous service may elect to participate in one of two employee savings plans, which are qualified under Section 401(k) of the Internal Revenue Code. For nonrepresented employees, the Company matches 50% of employee contributions up to 7% of bi-weekly adjusted W-2 wages for employees with one year of continuous service. Effective January 1, 2004, the match will be increased to 10%. For represented employees with at least one year of continuous service, the 50% match is 7% in 2001, ratably increasing in 2002 through 2004 to 8%, 9% and 10%, respectively.

C. Multi-employer Plans – NOT APPLICABLE

D. Consolidated/Holding Company Plans – NOT APPLICABLE

E. Post employment Benefits and Compensated Absences – NOT APPLICABLE

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations.

- (1) Under the provisions of Public Act No. 59 of 2003 (“Act 59”) of the State of Michigan, the Company must maintain adequate subscriber reserves to comply with Section 403 of the Michigan Insurance Code, which requires authorized insurers to be safe, reliable and entitled to public confidence. As a result, the Company is required to file with OFIS, on an annual basis, its risk-based capital (“RBC”) calculation based on the National Association of Insurance Commissioners (“NAIC”) model. Act 59 requires the Company to maintain a RBC ratio of at least 200% but not to exceed 1,000% of subscriber reserves. The Company is in compliance with the RBC requirement as of the end of reporting period.
- (2) BCBSM has no preferred stock outstanding.
- (3) The Company’s Articles of Incorporation state that no dividends shall be directly paid on any shares nor shall the shareholders be entitled to any portion of the earnings.
- (4) Dividend payment restriction – NOT APPLICABLE
- (5) Surplus Restriction – NOT APPLICABLE
- (6) The total amount of advances to surplus not repaid – NOT APPLICABLE
- (7) The amount of stock held by BCBSM for special purposes – NOT APPLICABLE
- (8) Special surplus funds changes – NOT APPLICABLE
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below

	(in thousands)
a. Unrealized gains and losses	\$ 5,604
b. Nonadmitted asset values	\$ 12,495
c. Provision for reinsurance	\$ -

- (10) Surplus debentures of similar obligations – NOT APPLICABLE
- (11) Impact of any restatement due to quasi-reorganization – NOT APPLICABLE
- (12) effective dates of all quasi-reorganizations in the prior 10 years – NOT APPLICABLE

14. Contingencies

- A. Contingent Commitments – NOT APPLICABLE
- B. Assessments – NOT APPLICABLE
- C. Gain Contingencies – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

D. All Other Contingencies

The Company has been included as a defendant in two national class action lawsuits filed against the Blue Cross Blue Shield Association and several Blue Cross Blue Shield Plans, alleging unfair pricing of medical claims for a multiple year period. As both lawsuits are in the early stages of development, it is not yet possible to make an assessment regarding the probability of an adverse outcome, nor an estimate of the potential range of loss. The Company believes it has meritorious defenses against both lawsuits and intends to defend the actions vigorously.

In addition, the Corporation is the defendant in numerous other lawsuits arising in the normal course of business. While the ultimate outcome cannot be determined at this time, it is the opinion of management and outside counsel, that the outcome of such lawsuits will not have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Under the terms of self-funded administrative service contracts with its customers, the Company is subject to audits of claims processed by the Company as well as those processed by its related participating plans in other states. Such audits encompass the accuracy of claims payments made on behalf of customers and the administrative expenses charged to the customer. The Company records an estimated amount for the resolution of customer disputes. Settlements of such disputes are not expected to have a material effect on the Corporation's consolidated financial position or results of operations.

15. Leases

The Company entered into a sale and leaseback agreement with RBS Lombard (Lombard) on September 25, 2003. Under the transaction, the Company sold Lombard substantially all of its computer hardware and software at a net book value of approximately \$101 million and subsequently leased the assets back. No gain or loss was recorded on this transaction.

A second sale and leaseback transaction was entered into on November 25, 2003 under which the Company sold Lombard \$53.2 million of work-in-process capitalized software. No gain or loss was recorded on this transaction.

The initial lease terms are five years, and monthly lease payments are based on a ten-year amortization period with a balloon payment at the end of five years. In lieu of payment of the balance at the end of year five, the Company will have the option to enter into another lease for an additional five years.

As part of the financing agreement, the Company is required to maintain a letter of credit to collateralize the transaction. The current letter of credit is with Comerica Bank. The amount of the letter of credit is equal to 50 percent of the financed amount of the sale-leaseback transaction. The term of the letter of credit is for one year and will renew annually.

The sale-leaseback transaction has been accounted for under SSAP No. 22, which requires a sale of equipment that is accompanied by a leaseback of all or part of the equipment be accounted for as an operating lease. The rent expense incurred through June 30, 2004 related to the sale-leaseback transactions was \$10.6 million.

Future minimum lease payments as of June 30, 2004 in connection with the sale-leaseback transactions are as follows::

Year Ending December 31	Lease Payments Under Sale-Leaseback Agreement
2004 remaining	\$ 10,575,903
2005	21,151,807
2006	21,151,807
2007	21,151,807
2008 and thereafter	94,160,569

16. Information about Financial Instruments with Off-Balance Sheet risk and Financial Instruments With Concentrations of Credit Risk – NOT APPLICABLE

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – NOT APLICABLE

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NOTES TO FINANCIAL STATEMENTS

A. ASO Plans – NOT APPLICABLE

B. ASC Plans - The gain from operations from ASC uninsured plans and the uninsured portion of partially insured plans (ASC plans with stop loss coverage) as of June 30, 2004 are as follows (in thousands):

Gross reimbursement for medical cost incurred	\$ 1,371,111	\$ 1,901,637	\$ 3,272,748
Gross administrative fees accrued	110,334	206,668	317,002
Subsidy transfer	(326)	(23,965)	(24,291)
Gross expenses incurred (claims and administrative)	1,472,087	2,048,790	3,520,877
Total net gain from operations	\$ 9,032	\$ 35,550	\$ 44,582
	<u>Insured</u>	<u>ASC</u>	<u>Total</u>
Premium fees and reimbursements	\$ 2,785,112	\$ 3,589,750	\$ 6,374,862
Claims Incurred	2,450,112	3,272,748	5,722,860
Premium deficiency charge	(6,317)		(6,317)
Administrative Expenses	<u>278,560</u>	<u>248,128</u>	<u>526,688</u>
Total Operating Expenses	2,722,355	3,520,876	6,243,231
Senior Cost Transfer	<u>24,291</u>	<u>(24,292)</u>	<u>(1)</u>
Underwriting Gain/(Loss)	<u>87,048</u>	<u>44,582</u>	<u>131,630</u>

C. Medicare or Similarly Structured Cost Based Reimbursement Contract – NOT APPLICABLE

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – NOT APPLICABLE

20. September 11 Events – NOT APPLICABLE

21. Other Items

A. Extraordinary Items – NOT APPLICABLE

B. Troubled Debt Restructuring – NOT APPLICABLE

C. Other Disclosures:

Blue Cross Blue Shield Association ("BCBSA") Deposit - As part of its BCBSA license requirements, the Company is required to maintain a custodial bank account to assure the payment of claims in the event of the Company's insolvency. The account balance is calculated as a percentage of the Company's unpaid claim liability and consists primarily of marketable securities. The funds in the account are included in the Company's investment portfolio. The Company has the ability to trade and transfer securities within the account as long as balance in the account is at or above the required minimum. The required balance for the period April 1, 2004 through March 31, 2005 is \$117.5 million. At June 30, 2004, the balance in this custodial account was \$132.6 million.

D. Uncollectible Assets on Uninsured plans – NOT APPLICABLE

E. Noncash Transactions – NOT APPLICABLE

F. Business Interruption Insurance Recoveries – NOT APPLICABLE

22. Events Subsequent – Blue Cross Blue Shield of Michigan announced the sale of PPOM, a wholly owned for-profit subsidiary of Blue Cross Blue Shield of Michigan, to HMS Healthcare INC.,effective July 30, 2004.

23. Reinsurance – NOT APPLICABLE

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

NOTES TO FINANCIAL STATEMENTS

NO significant change from 1st quarter.

25. Change in Incurred Losses and Loss Adjustment Expenses -

No significant changes in computing incurred losses and loss adjustment expenses this quarter compared to previous quarter.

26. Intercompany Pooling Arrangements – NOT APPLICABLE

27. Structured Settlements – NOT APPLICABLE

28. Health Care Receivables –The company' health care receivables are in conformity with SSAP 84.

29. Participating Policies – NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS

30. Premium Deficiency Reserves

In 2003, the Company established a premium deficiency reserve for the anticipated loss on the state sponsored MIChild insurance program, which provides health and dental insurance for uninsured children of Michigan’s working families. The MIChild premium deficiency reserve will be amortized over a two-year contract period ending September 30, 2005. As of June 30, 2004, the balance of the premium deficiency reserve is \$28,683,000.

31. Anticipated Salvage and Subrogation - Anticipated salvage and subrogation is included as a reduction to claims unpaid as reported on line 1, page 3.

BLUE CROSS BLUE SHIELD OF MICHIGAN
GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [] No [X]

1.2 If yes, explain:...

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

3.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] N/A []
If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 09/30/2000.....

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 09/30/2000.....

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/11/2001.....

7.4 By what department or departments?
.....

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]

8.2 If yes, give full information:
.....

9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

9.2 If response to 9.1 is yes, please identify the name of the bank holding company.
.....

9.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

9.4 If the response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

10.2 If yes, explain:...

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:

BLUE CROSS BLUE SHIELD OF MICHIGAN
GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

13. Amount of real estate and mortgages held in short-term investments:
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []
- 14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds.....		
14.22 Preferred Stock.....		
14.23 Common Stock.....	\$.....695,666,322	\$.....731,007,322
14.24 Short-Term Investments.....		
14.25 Mortgages, Loans or Real Estate.....		
14.26 All Other.....	\$.....153,498,209	\$.....162,405,183
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$.....849,164,531	\$.....893,412,505
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above.....		

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
If no, attach a description with this statement.
16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
State Street Insurance Services	801 Pennsylvania, Kansas City, MO 64105
Federal Home Loan Bank of Indianapolis	8250 Woodfield Crossing, Indianapolis, IN 46240
Comerica Bank	Institutional Trust, P.O Box 75000, Detroit, MI 48275

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]
- 16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

BLUE CROSS BLUE SHIELD OF MICHIGAN
SCHEDULE A - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	194,914,444	206,823,417
2. Increase (decrease) by adjustment.....	(5,245,732)	(12,646,251)
3. Cost of acquired.....		
4. Cost of additions to and permanent improvements.....	1,706,509	5,027,257
5. Total profit (loss) on sales.....	(439,037)	(113,385)
6. Increase (decrease) by foreign exchange adjustment.....		
7. Amount received on sales.....	4,886,088	4,176,594
8. Book/adjusted carrying value at end of current period.....	186,050,096	194,914,444
9. Total valuation allowance.....		
10. Subtotal (Lines 8 plus 9).....	186,050,096	194,914,444
11. Total nonadmitted amounts.....	412,223	
12. Statement value, current period (Page 2, real estate lines, net admitted assets column).....	185,637,873	194,914,444

SCHEDULE B - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions.....		
2.2 Additional investment made after acquisitions.....		
3. Accrual of discount and mortgage interest points and commitment fees.....		
4. Increase (decrease) by adjustment.....		
5. Total profit (loss) on sale.....		
6. Amounts paid on account or in full during the period.....		
7. Amortization of premium.....		
8. Increase (decrease) by foreign exchange adjustment.....		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.....	0	0
10. Total valuation allowance.....		
11. Subtotal (Lines 9 plus 10).....	0	0
12. Total nonadmitted amounts.....		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, net admitted assets column).....	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	191,571,086	193,309,511
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions.....		5,400,000
2.2 Additional investment made after acquisitions.....	813,900	513,536
3. Accrual of discount.....		
4. Increase (decrease) by adjustment.....	10,884,508	(3,327,066)
5. Total profit (loss) on sale.....		
6. Amounts paid on account or in full during the period.....	299,703	4,324,895
7. Amortization of premium.....		
8. Increase (decrease) by foreign exchange adjustment.....		
9. Book adjusted/carrying value of long-term invested asset at end of current period.....	202,969,791	191,571,086
10. Total valuation allowance.....		
11. Subtotal (Lines 9 plus 10).....	202,969,791	191,571,086
12. Total nonadmitted amounts.....		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	202,969,791	191,571,086

SCHEDULE D - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	2,690,106,045	2,071,841,035
2. Cost of bonds and stocks acquired.....	2,591,938,776	4,089,209,486
3. Accrual of discount.....	5,083,232	752,384
4. Increase (decrease) by adjustment.....	35,341,000	101,843,001
5. Increase (decrease) by foreign exchange adjustment.....		
6. Total profit (loss) on disposal.....	13,062,472	16,279,826
7. Consideration for bonds and stocks disposed of.....	2,188,451,557	3,583,591,714
8. Amortization of premium.....	546,742	6,227,973
9. Book/adjusted carrying value, current period.....	3,146,533,226	2,690,106,045
10. Total valuation allowance.....	(63,743,156)	(8,071,578)
11. Subtotal (Lines 9 plus 10).....	3,082,790,070	2,682,034,467
12. Total nonadmitted amounts.....	14,180,054	
13. Statement value.....	3,068,610,016	2,682,034,467

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1.....	2,342,222,938	3,983,994,519	4,162,521,676	204,678,327	2,342,222,938	2,368,374,108		2,168,984,948
2. Class 2.....								54,705,827
3. Class 3.....								
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....	2,342,222,938	3,983,994,519	4,162,521,676	204,678,327	2,342,222,938	2,368,374,108	0	2,223,690,775
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	2,342,222,938	3,983,994,519	4,162,521,676	204,678,327	2,342,222,938	2,368,374,108	0	2,223,690,775

BLUE CROSS BLUE SHIELD OF MICHIGAN
SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
8299999. Totals.....	.....168,720,030	.....XXX.....	.....168,717,835	.....679,505	.....

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.....342,090,285	.....328,105,150
2. Cost of short-term investments acquired.....	.....2,516,406,060	.....6,714,071,337
3. Increase (decrease) by adjustment.....	.....177,104	.....1,688,209
4. Increase (decrease) by foreign exchange adjustment.....	.....	.....
5. Total profit (loss) on disposal of short-term investments.....	.....	.....
6. Consideration received on disposal of short-term investments.....	.....2,689,953,419	.....6,701,774,411
7. Book/adjusted carrying value, current period.....	.....168,720,030	.....342,090,285
8. Total valuation allowance.....	.....	.....
9. Subtotal (Lines 7 plus 8).....	.....168,720,030	.....342,090,285
10. Total nonadmitted amounts.....	.....	.....
11. Statement value (Lines 9 minus 10).....	.....168,720,030	.....342,090,285
12. Income collected during period.....	.....679,505	.....1,642,775
13. Income earned during period.....	.....537,223	.....1,787,031

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

BLUE CROSS BLUE SHIELD OF MICHIGAN
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed? (Yes or No)	Direct Business Only Year-to-Date					
			3 Accident and Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life and Annuity Premiums and Deposit-Type Contract Funds	8 Property/Casualty Premiums
1. Alabama.....AL	.....NO....	.....NO....						
2. Alaska.....AK	.....NO....	.....NO....						
3. Arizona.....AZ	.....NO....	.....NO....						
4. Arkansas.....AR	.....NO....	.....NO....						
5. California.....CA	.....NO....	.....NO....						
6. Colorado.....CO	.....NO....	.....NO....						
7. Connecticut.....CT	.....NO....	.....NO....						
8. Delaware.....DE	.....NO....	.....NO....						
9. District of Columbia.....DC	.....NO....	.....NO....						
10. Florida.....FL	.....NO....	.....NO....						
11. Georgia.....GA	.....NO....	.....NO....						
12. Hawaii.....HI	.....NO....	.....NO....						
13. Idaho.....ID	.....NO....	.....NO....						
14. Illinois.....IL	.....NO....	.....NO....						
15. Indiana.....IN	.....NO....	.....NO....						
16. Iowa.....IA	.....NO....	.....NO....						
17. Kansas.....KS	.....NO....	.....NO....						
18. Kentucky.....KY	.....NO....	.....NO....						
19. Louisiana.....LA	.....NO....	.....NO....						
20. Maine.....ME	.....NO....	.....NO....						
21. Maryland.....MD	.....NO....	.....NO....						
22. Massachusetts.....MA	.....NO....	.....NO....						
23. Michigan.....MI	.....NO....	.....YES....	...2,701,118,814			.....102,470,213		
24. Minnesota.....MN	.....NO....	.....NO....						
25. Mississippi.....MS	.....NO....	.....NO....						
26. Missouri.....MO	.....NO....	.....NO....						
27. Montana.....MT	.....NO....	.....NO....						
28. Nebraska.....NE	.....NO....	.....NO....						
29. Nevada.....NV	.....NO....	.....NO....						
30. New Hampshire.....NH	.....NO....	.....NO....						
31. New Jersey.....NJ	.....NO....	.....NO....						
32. New Mexico.....NM	.....NO....	.....NO....						
33. New York.....NY	.....NO....	.....NO....						
34. North Carolina.....NC	.....NO....	.....NO....						
35. North Dakota.....ND	.....NO....	.....NO....						
36. Ohio.....OH	.....NO....	.....NO....						
37. Oklahoma.....OK	.....NO....	.....NO....						
38. Oregon.....OR	.....NO....	.....NO....						
39. Pennsylvania.....PA	.....NO....	.....NO....						
40. Rhode Island.....RI	.....NO....	.....NO....						
41. South Carolina.....SC	.....NO....	.....NO....						
42. South Dakota.....SD	.....NO....	.....NO....						
43. Tennessee.....TN	.....NO....	.....NO....						
44. Texas.....TX	.....NO....	.....NO....						
45. Utah.....UT	.....NO....	.....NO....						
46. Vermont.....VT	.....NO....	.....NO....						
47. Virginia.....VA	.....NO....	.....NO....						
48. Washington.....WA	.....NO....	.....NO....						
49. West Virginia.....WV	.....NO....	.....NO....						
50. Wisconsin.....WI	.....NO....	.....NO....						
51. Wyoming.....WY	.....NO....	.....NO....						
52. American Samoa.....AS	.....NO....	.....NO....						
53. Guam.....GU	.....NO....	.....NO....						
54. Puerto Rico.....PR	.....NO....	.....NO....						
55. U.S. Virgin Islands.....VI	.....NO....	.....NO....						
56. Canada.....CN	.....NO....	.....NO....						
57. Aggregate Other alien.....OT	....XXX....	....XXX....	.....0	.....0	.....0	.....0	.....0	.....0
58. Total (Direct Business).....	....XXX....	(a).....1	...2,701,118,814	.....0	.....0	.....102,470,213	.....0	.....0

DETAILS OF WRITE-INS

5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for line 57 from overflow page...	.....0	.....0	.....0	.....0	.....0	.....0
5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above).....	.....0	.....0	.....0	.....0	.....0	.....0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

BLUE CROSS BLUE SHIELD OF MICHIGAN
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

Yes

EXPLANATION:

BAR CODE:

BLUE CROSS BLUE SHIELD OF MICHIGAN

Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2304. Area Regulatory Asset.....	264,942,898	13,098,750	251,844,148	324,904,468
2305. Area Regulatory Asset Impairment.....	(212,548,000)		(212,548,000)	(212,548,000)
2306. Advances to Providers.....	63,304,466	30,306,177	32,998,289	118,077,296
2307. Company Owned Automobile.....	868,945	868,945	0	845,179
2308. Prepaid Pension Fund.....	109,748,146	27,437,037	82,311,109	111,099,168
2397. Summary of remaining write-ins for Line 23.....	226,316,455	71,710,909	154,605,546	342,378,111

Additional Write-ins for Liabilities:

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2104. Advances to Providers.....	239,897,286		239,897,286	236,156,914
2105. Accounts Payable for Drugs and Vision Vendors.....	518,896		518,896	
2106. Amount Payable to other plans.....	4,969,995		4,969,995	
2197. Summary of remaining write-ins for Line 21.....	245,386,177	0	245,386,177	236,156,914

Additional Write-ins for Liabilities:

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2704. Preferred Providers of Michigan Accumulated Funds.....	XXX	XXX		10,000
2797. Summary of remaining write-ins for Line 27.....	XXX	XXX	0	10,000

Additional Write-ins for Statement of Revenue:

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
2904. Gain (Loss) from PPOM, LLC.....			8,100,000
2905. Gain (Loss) from DenteMax.....			199,000
2997. Summary of remaining write-ins for Line 29.....	0	0	8,299,000

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
	2 City	3 State						
Acquired by Purchase								
TOWER SERVICE CENTER.....	DETROIT.....	MI.....	..06/30/2004	VARIOUS.....				.....125,448
OAKLAND-MACOMB OFFICE.....	UTICA.....	MI.....	..06/30/2004	VARIOUS.....				.....4,068
METRO SERVICE CENTER.....	SOUTHFIELD.....	MI.....	..06/30/2004	VARIOUS.....				.....399,976
LANSING SERVICE CENTER.....	LANSING.....	MI.....	..06/30/2004	VARIOUS.....				.....2,902
LYON MEADOWS.....	NEW HUDSON.....	MI.....	..06/30/2004	VARIOUS.....				.....15,907
JEFFERSON FACILITY.....	DETROIT.....	MI.....	..06/30/2004	VARIOUS.....				.....227,272
GRAND RAPIDS OFFICE.....	GRAND RAPIDS.....	MI.....	..06/30/2004	VARIOUS.....				.....14,094
0199999. Totals.....					.....0	.....0	.....0	.....789,667
9999999. Totals.....					.....0	.....0	.....0	.....789,667

E01

SCHEDULE A - PART 3

Showing all Real Estate SOLD During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

1	Location		4	5	6	7	8	9	10	11	12	13	14	15	16
	2	3													
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Amounts Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs, and Expenses Incurred
Property Sold															
FASHION SQUARE OFFICE.....	SAGINAW.....	MI.....	06/30/2004	Land America.....	8,433,384	95,350			5,325,125	4,886,088		(439,037)	(439,037)		
0199999. Totals.....					8,433,384	95,350	0	0	5,325,125	4,886,088	0	(439,037)	(439,037)	0	0
9999999. Totals.....					8,433,384	95,350	0	0	5,325,125	4,886,088	0	(439,037)	(439,037)	0	0

SCHEDULE B - PART 1

Showing all Mortgage Loans ACQUIRED During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Book Value/Recorded Investment Excluding Accrued Interest	8 Increase (Decrease) by Adjustment	9 Increase (Decrease) by Foreign Exchange Adjustment	10 Value of Land and Buildings	11 Date of Last Appraisal or Valuation
	2 City	3 State								

NONE

E02

SCHEDULE B - PART 2

Showing all Mortgage Loans SOLD, Transferred or Paid in Full During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book Value/Recorded Investment Excluding Accrued Interest at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2 City	3 State										

NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1 Number of Units and Description	Location		4 Name of Vendor	5 Date Acquired	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Increase (Decrease) by Adjustment	10 Increase (Decrease) by Foreign Exchange Adjustment
	2 City	3 State							
Any Other Class of Admitted Asset									
Wind Point Partners.....	Chicago.....	IL.....	Direct.....	..06/30/2004...	.....103,120	.....	.....103,120	.....	.....
MTS Investment.....	NewYork.....	NY.....	Direct.....	..06/30/2004...	.....597,124	.....	.....597,124	.....	.....
Health Dialog Stock.....	Boston.....	MA.....	Direct.....	..06/30/2004...	.....77,761	.....	.....77,761	.....	.....
NASCO Investment.....	Atlanta.....	GA.....	Direct.....	..06/30/2004...	.....	.....	.....	.....672,910	.....
PPOM, LLC.....	Southfield.....	MI.....	Direct.....	..06/30/2004...	.....	.....	.....	.....5,060,000	.....
1499999. Total - Any Other Class of Admitted Asset.....					.....778,005	.....0	.....778,005	.....5,732,910	.....0
9999999. Totals.....					.....778,005	.....0	.....778,005	.....5,732,910	.....0

E03

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 Number of Units and Description	Location		4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/Adjusted Carrying Value Less Encumbrances Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/ Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2 City	3 State										
Fixed or Variable Interest Rate Investments That Have Underlying Characteristics of Other Fixed Income Instruments												
Promissory Notes- Solomon Office Associates, L.L.C.....	Southfield.....	MI.....	Repayment of Note.....	06/30/2004	112,481			112,481				0
0699999. Total - Fixed or Variable Interest Rate Investments That Have Underlying Characteristics of Other Fixed Income Instruments.....					112,481	0	0	112,481	0	0	0	0
9999999. Totals.....					112,481	0	0	112,481	0	0	0	0

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2			3	4	5	6	7	8	9	10
CUSIP Identification	Description			Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
Bonds - U.S. Government											
912828 AP 5	U.S. TREASURY NOTES	4.000	11/15/2012		05/04/2004	A.G. EDWARDS		24,351,563	25,000,000	475,275	1FE
912828 BZ 2	U.S. TREASURY NOTES	3.000	02/15/2009		05/04/2004	A.G. EDWARDS		14,621,484	15,000,000	100,137	1FE
912828 CA 6	U.S. TREASURY NOTES	4.000	02/15/2014		06/08/2004	VARIOUS		52,883,750	56,000,000	667,692	1FE
0399999.	Total - Bonds - U.S. Government							91,856,797	96,000,000	1,243,104	XXX
Bonds - Special Revenue and Special Assessment											
United States											
31283K T2 4	FHLMC FGG11469	5.500	08/01/2018		05/13/2004	CITIGROUP GLOBAL		75,521,889	74,234,387	192,803	1FE
31283K W4 6	FHLMC FGG11567	5.500	04/01/2017		06/09/2004	CS FIRST BOSTON		49,067,765	48,120,395	117,628	1FE
31283K WM 6	FHLMC FGG11552	5.500	02/01/2018		05/13/2004	CS FIRST BOSTON		20,712,229	20,384,171	52,942	1FE
3128H7 R9 5	FHLMC FGE99512	5.500	07/01/2018		06/08/2004	A.G. EDWARDS		13,511,650	13,258,902	32,411	1FE
31294K V8 5	FHLMC FGE01539	5.500	09/01/2018		05/13/2004	CS FIRST BOSTON		31,232,324	30,740,003	79,839	1FE
31294K XU 4	FHLMC FGE01591	5.500	10/01/2018		05/13/2004	FHLMC		26,672,379	26,225,722	68,114	1FE
312962 FT 5	FHLMC FGB10178	5.000	10/01/2018		06/10/2004	NOMURA SECURITIES		16,287,370	16,379,044	36,398	1FE
312964 SC 4	FHLMC FGB12315	5.000	01/01/2019		04/15/2004	GREENWICH CAPITAL		9,897,138	9,746,374	25,720	1FE
312965 HJ 8	FHLMC FGB12933	5.000	12/01/2018		04/14/2004	ADVEST, INC.		43,847,616	43,192,973	113,981	1FE
312965 KP 0	FHLMC FGB13002	5.000	03/01/2019		04/15/2004	LEHMAN BROTHERS		10,115,558	9,963,000	26,291	1FE
312965 RF 5	FHLMC FGB13186	5.000	10/01/2018		04/15/2004	NATIONAL CITY		27,033,536	26,623,779	70,257	1FE
312966 BS 2	FHLMC FGB13649	5.000	04/01/2019		05/04/2004	CITIGROUP GLOBAL		50,173,155	49,815,109	117,619	1FE
3133X0 6Q 7	FHLB 4.125	08/13/2010			04/01/2004	UBS SECURITIES		15,444,750	15,000,000	80,781	1FE
3134A4 HF 4	FHLMC 5.500	09/15/2011			05/03/2004	J.P.MORGAN		52,671,150	50,000,000	374,306	1FE
3134A4 NW 0	FHLMC 4.875	03/15/2007			05/03/2004	J.P.MORGAN		52,461,200	50,000,000	331,771	1FE
31359M JH 7	FNMA 6.000	05/15/2011			05/03/2004	UBS SECURITIES		108,352,000	100,000,000	2,816,667	1FE
31359M LS 0	FNMA 5.375	11/15/2011			04/05/2004	CS FIRST BOSTON		26,735,352	25,000,000	530,035	1FE
31359M NP 4	FNMA 4.250	07/15/2007			05/03/2004	J.P.MORGAN		103,024,200	100,000,000	1,286,806	1FE
31400J FZ 7	FNMA FN688784	5.500	10/01/2017		06/08/2004	A.G. EDWARDS		36,606,873	35,905,592	87,769	1FE
31401B YH 2	FNMA FN703712	5.500	09/01/2017		05/03/2004	FTN FINANCIAL		66,740,111	64,845,409	168,418	1FE
31403G XZ 0	FNMA FN748696	5.500	04/01/2018		05/14/2004	NOMURA SECURITIES		21,417,294	21,036,016	54,635	1FE
31404V EP 9	FNMA FN779642	5.500	06/01/2019		06/04/2004	ADVEST, INC.		21,529,121	21,311,221	52,094	1FE
U.S.								879,054,660	851,782,097	6,717,285	XXX
3199999.	Total - Bonds - Special Revenue & Special Assessments							879,054,660	851,782,097	6,717,285	XXX
Bonds - Industrial and Miscellaneous											
United States											
002824 AK 6	ABBOTT LABORATORIES	5.400	09/15/2008		06/10/2004	CITIGROUP GLOBAL		10,439,800	10,000,000	135,000	1FE
035229 CW 1	ANHEUSER BUSCH	5.000	03/01/2019		06/09/2004	BARCLAY CAPITAL		4,255,390	4,620,000	66,092	1FE
054937 AE 7	BB&T CORP.	5.200	12/23/2015		06/17/2004	BEAR STEARNS		9,535,300	10,000,000	258,556	1FE
060505 BG 8	BANK OF AMERICA CORP.	5.250	12/01/2015		06/22/2004	CITIGROUP GLOBAL		9,581,600	10,000,000	35,000	1FE
073902 CE 6	BEAR STEARNS	4.500	10/28/2010		05/13/2004	BEAR STEARNS		15,454,080	16,000,000	40,000	1FE
10138M AB 1	BOTTLING GROUP	4.625	11/15/2012		05/11/2004	BARCLAY CAPITAL		9,640,100	10,000,000	229,965	1FE
110122 AG 3	BRISTOL-MYERS	5.750	10/01/2011		06/25/2004	BEAR STEARNS		20,773,900	20,000,000	276,319	1FE
125581 AH 1	CIT GROUP, INC.	5.000	02/13/2014		06/18/2004	CITIGROUP GLOBAL		23,522,250	25,000,000	413,889	1FE
134429 AM 1	CAMPBELL SOUP COMPANY	6.750	02/15/2011		05/06/2004	BARCLAY CAPITAL		10,849,735	9,746,000	157,154	1FE
14911R AG 4	CATERPILLAR FINANCIAL S	4.500	06/15/2009		06/16/2004	CITIGROUP GLOBAL		9,982,000	10,000,000		1FE
14912L Z3 8	CATERPILLAR FINANCIAL	3.450	01/15/2009		05/13/2004	VARIOUS		22,090,580	23,000,000	268,908	1FE
172967 AZ 4	CITIGROUP, INC.	7.250	10/01/2010		04/23/2004	BEAR STEARNS		18,413,440	16,000,000	87,000	1FE
172967 CK 5	CITIGROUP, INC.	5.125	05/05/2014		06/15/2004	CITIGROUP GLOBAL		25,562,060	26,000,000	97,944	1FE
20030N AB 7	COMCAST CORP.	6.500	01/15/2015		06/04/2004	BEAR STEARNS		5,170,650	5,000,000	130,000	1FE
244199 BB 0	DEERE & COMPANY	6.950	04/25/2014		05/14/2004	BARCLAY CAPITAL		5,568,800	5,000,000	23,167	1FE
257867 AL 5	DONNELLEY & SONS	4.950	04/01/2014		06/21/2004	BARCLAY CAPITAL		4,758,800	5,000,000	71,500	1FE
263534 BM 0	DUPONT EI NEMOUR	4.125	04/30/2010		06/21/2004	VARIOUS		9,858,450	10,000,000	30,938	1FE
291011 AF 1	EMERSON ELECTRIC CO.	5.500	09/15/2008		06/15/2004	BEAR STEARNS		11,574,860	11,000,000	156,292	1FE
369604 AY 9	GENERAL ELECTRIC COMPAN	5.000	02/01/2013		06/08/2004	CITIGROUP GLOBAL		9,753,200	10,000,000	184,722	1FE
36962G XS 8	GENERAL ELECTRIC CAPITA	5.875	02/15/2012		06/15/2004	BARCLAY CAPITAL		12,680,192	12,200,000	244,890	1FE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2		3	4	5	6	7	8	9	10
CUSIP Identification	Description		Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
370334 AS 3	GENERAL MILLS	6.000 02/15/2012		05/13/2004	BARCLAY CAPITAL		7,211,750	7,000,000	108,500	1FE
370442 BS 3	GENERAL MOTORS	7.125 07/15/2013		04/22/2004	BARCLAY CAPITAL		11,651,750	11,000,000	222,063	1FE
38141G DB 7	GOLDMAN SACHS	5.250 04/01/2013		04/01/2004	BEAR STEARNS		10,393,300	10,000,000	7,292	1FE
460146 BU 6	INTERNATIONAL PAPER COM	5.300 04/01/2015		06/10/2004	VARIOUS		9,390,500	10,000,000	108,944	1FE
46625H BJ 8	JP MORGAN CHASE COMPANY	4.875 03/15/2014		04/23/2004	CITIGROUP GLOBAL		9,653,200	10,000,000	66,354	1FE
61748A AE 6	MORGAN STANLEY	4.750 04/01/2014		04/16/2004	BARCLAY CAPITAL		28,447,200	30,000,000	83,125	1FE
694308 GD 3	PACIFIC GAS & ELECTRIC	4.800 03/01/2014		06/21/2004	VARIOUS		14,209,350	15,000,000	124,667	1FE
71345L EJ 3	PEPSICO INC.	3.200 05/15/2007		05/03/2004	CITIGROUP GLOBAL		9,989,100	10,000,000		1FE
717081 AR 4	PFIZER, INC.	4.500 02/15/2014		06/15/2004	BEAR STEARNS		9,528,500	10,000,000	168,750	1FE
78442F BG 2	SLM CORPORATION	5.000 10/01/2013		06/22/2004	VARIOUS		15,617,300	16,000,000	107,500	1FE
78442F CJ 5	SLM CORPORATION	5.375 05/15/2014		05/13/2004	BEAR STEARNS		9,697,525	10,000,000	17,917	1FE
803111 AK 9	SARA LEE CORP	6.250 09/15/2011		06/16/2004	BARCLAY CAPITAL		27,953,120	26,000,000	433,333	1FE
87612E AC 0	TARGET CORPORTATION	6.350 01/15/2011		05/13/2004	BARCLAY CAPITAL		21,572,600	20,000,000	433,917	1FE
87612E AH 9	TARGET CORPORTATION	5.875 03/01/2012		06/15/2004	BEAR STEARNS		7,325,500	7,000,000	122,233	1FE
887315 BJ 7	TIME WARNER	7.250 10/15/2017		06/01/2004	BARCLAY CAPITAL		5,397,950	5,000,000	49,340	1FE
902118 BK 3	TYCO INTL GROUP	6.000 11/15/2013		06/21/2004	BARCLAY CAPITAL		10,241,200	10,000,000	62,500	1FE
91913Y AK 6	VALERO ENERGY	4.750 04/01/2014		06/10/2004	BARCLAY CAPITAL		11,102,880	12,000,000	126,667	1FE
931142 BV 4	WAL-MART STORES	4.125 02/15/2011		05/05/2004	CITIGROUP GLOBAL		4,838,450	5,000,000	46,979	1FE
96683M AS 2	WHOLE AUTO LOAN TRUST 2	2.150 07/15/2006		06/15/2004	BEAR STEARNS		6,997,240	7,110,000	1,274	1FE
98385X AC 0	XTO ENERGY, INC.	6.250 04/15/2013		06/24/2004	BARCLAY CAPITAL		5,214,300	5,000,000	64,236	1FE
962166 BP 8	WEYERHAEUSER CORP	6.750 03/15/2012		06/15/2004	VARIOUS		10,779,100	10,000,000	171,563	1FE
U.S.							496,677,002	494,676,000	5,434,490	XXX
4599999	Total - Bonds - Industrial & Miscellaneous						496,677,002	494,676,000	5,434,490	XXX
6099997	Total - Bonds - Part 3						1,467,588,459	1,442,458,097	13,394,879	XXX
6099999	Total - Bonds						1,467,588,459	1,442,458,097	13,394,879	XXX

Common Stocks - Industrial and Miscellaneous

United States

78462F 10 3	SPY EXCHANGE TRADED FUNDS		06/25/2004	VARIOUS	496,600.000	55,062,906			L
784924 88 8	STATE STREET S&P INDEX FUND		06/29/2004	STATE STREET	540,915,931.000	10,188,299			L
922908 65 2	EXTENDED MARKET INDEX VIPER FUND		05/11/2004	VANGUARD MUTUAL FUND	279,026,396.000	19,503,945			L
316191 60 0	Fid Retire MMKT		06/30/2004	Fidelity	558,700.820	558,701			L
316464 10 6	Fid Value		06/30/2004	Fidelity	46.474	2,928			L
316146 10 9	Fid Inv Gr Bond		06/30/2004	Fidelity	3,931.108	29,146			L
316389 20 4	Fid Gr & Inc		06/30/2004	Fidelity	5,089.649	180,049			L
316184 10 0	Fid Magellan		06/30/2004	Fidelity	4.589	455			L
316069 10 3	Fid Asset Mgr		06/30/2004	Fidelity	443.645	7,007			L
315911 20 6	Spartan US Eq		06/30/2004	Fidelity	4,655.775	181,764			L
880196 20 9	Templeton Foreign		06/30/2004	Fidelity	8,901.589	92,713			L
471023 80 4	Janus Enterprise		06/30/2004	Fidelity	212.204	6,892			L
471023 30 9	Janus Worldwide		06/30/2004	Fidelity	92.489	3,813			L
31617R 30 8	Freedom Income		06/30/2004	Fidelity	2.622	29			L
31617R 50 6	Freedom 2010		06/30/2004	Fidelity	1,229.274	15,846			L
31617R 60 5	Freedom 2020		06/30/2004	Fidelity	8.585	109			L
86335K 10 0	Strong Opportunity		06/30/2004	Fidelity	3,720.781	156,080			L
262001 44 9	Drey Fndrs Discrvy		06/30/2004	Fidelity	9,234.096	245,525			L
31617R 40 7	Freedom 2000		06/30/2004	Fidelity	2.312	27			L
31617R 70 4	Freedom 2030		06/30/2004	Fidelity	974.266	12,720			L
015570 20 3	Alger Midcap Growth		06/30/2004	Fidelity	9,386.206	151,353			L
69316H 54 4	PBHG Clipper Focus		06/30/2004	Fidelity	1,101.731	17,810			L
701769 10 1	Parnassus Equity		06/30/2004	Fidelity	164.156	3,908			L
880199 10 4	Templeton Growth		06/30/2004	Fidelity	4,919.768	101,070			L
000000 00 0	Federal Home Loan Bank of Indianapolis		06/30/2004	Fidelity	18,886,000.000	1,888,600			L

E04.1

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
	U.S.....					88,411,694	XXX.....	.....0	XXX.....
6899999.	Total - Common Stocks - Industrial & Miscellaneous.....					88,411,694	XXX.....	.....0	XXX.....
7299997.	Total - Common Stocks - Part 3.....					88,411,694	XXX.....	.....0	XXX.....
7299999.	Total - Common Stocks.....					88,411,694	XXX.....	.....0	XXX.....
7399999.	Total - Preferred and Common Stocks.....					88,411,694	XXX.....	.....0	XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....					1,556,000,153	XXX.....	.....13,394,879	XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)	
Bonds - U.S. Government																						
912810 EQ 7	U.S. TREASURY NOTES		6.250 08/15/2	05/12/2004	VARIOUS	10,942,969	10,000,000	11,403,906	11,381,367						11,368,748			(425,780)	(425,780)	445,829	08/15/2023	1FE
912827 4F 6	U.S. TREASURY NOTES		5.625 05/15/2	06/08/2004	CITIGROUP GLOBAL	20,901,563	19,500,000	19,177,813	19,292,456				(12,619)		19,311,023		1,590,539	1,590,539	644,501	05/15/2008	1FE	
912827 7L 0	U.S. TREASURY NOTES		4.875 02/15/2	05/04/2004	A.G. EDWARDS	8,315,625	8,000,000	7,807,500	7,833,647				5,574		7,839,221		476,404	476,404	287,360	02/15/2012	1FE	
912828 AC 4	U.S. TREASURY NOTES		4.375 05/15/2	05/04/2004	A.G. EDWARDS	36,503,906	35,000,000	36,262,500	36,164,562			(113,953)		(113,953)	36,050,609		453,297	453,297	613,812	05/15/2007	1FE	
912828 AU 4	U.S. TREASURY NOTES		3.875 02/15/2	06/08/2004	VARIOUS	25,558,906	27,000,000	26,176,289	26,181,959				30,838		26,212,797		(653,891)	(653,891)	865,559	02/15/2013	1FE	
912828 BT 6	U.S. TREASURY NOTES		3.375 12/15/2	06/15/2004	BEAR STEARNS	14,744,531	15,000,000	15,048,047	15,096,973				(52,743)		15,044,230		(299,699)	(299,699)	204,532	12/15/2008	1FE	
912828 BV 1	U.S. TREASURY NOTES		3.250 01/15/2	06/22/2004	MERRILL LYNCH CAPITAL MAR	2,926,172	3,000,000	3,062,344	3,012,912				46,624		3,059,536		(133,365)	(133,365)	90,017	01/15/2009	1FE	
912828 BZ 2	U.S. TREASURY NOTES		3.000 02/15/2	06/15/2004	BEAR STEARNS	9,604,688	10,000,000	9,975,781	9,974,219				2,822		9,977,041		(372,354)	(372,354)	105,020	02/15/2009	1FE	
912828 CA 6	U.S. TREASURY NOTES		4.000 02/15/2	06/24/2004	BEAR STEARNS	42,785,156	45,000,000	42,543,750	42,543,750				14,077		42,557,827		227,329	227,329	676,715	02/15/2014	1FE	
0399999	Total - Bonds - U.S. Government					172,283,516	172,500,000	171,457,930	171,481,845	0	(60,813)	0	(60,813)	0	171,421,032	0	862,480	862,480	3,933,345	XXX	XXX	
Bonds - All Other Government																						
Foreign																						
465137 6K 8	STATE OF ISRAEL 9TH VAR 7.500 06/30/04	F	06/30/2004	MATURITY		250,000	250,000	250,000	250,000					0	250,000				0	9,375	06/30/2004	1FE
Foreign						250,000	250,000	250,000	250,000	0	0	0	0	0	250,000	0	0	0	0	9,375	XXX	XXX
1099999	Total - Bonds - All Other Government					250,000	250,000	250,000	250,000	0	0	0	0	0	250,000	0	0	0	0	9,375	XXX	XXX
Bonds - Special Revenue and Special Assessment																						
United States																						
31283K T2 4	FHLMC FGG11469		5.500 08/01/2018	06/01/2004	MBS PAYDOWN	1,295,149	1,295,149	1,317,611	1,295,148			1		1	1,295,149			0	5,937	08/01/2018	1FE	
31283K WM 6	FHLMC FGG11552		5.500 02/01/2018	06/01/2004	MBS PAYDOWN	429,013	429,013	435,918	429,028			(15)		(15)	429,013			0	1,952	02/01/2018	1FE	
31284B BB 2	FHLMC FGP10034		5.000 02/01/2018	06/01/2004	VARIOUS	25,094,531	25,283,074	25,972,433	25,981,976			(50,697)		(50,697)	25,931,279		(836,747)	(836,747)	528,404	02/01/2018	1FE	
31284B BH 9	FHLMC FGP10040		5.500 12/01/2017	06/01/2004	MBS PAYDOWN	5,136,789	5,136,789	5,311,668	5,147,016			(10,227)		(10,227)	5,136,789			0	102,871	12/01/2017	1FE	
3128H7 NN 9	FHLMC FGE99416		5.000 07/01/2018	06/01/2004	MBS PAYDOWN	1,484,219	1,484,219	1,504,421	1,485,610			(1,391)		(1,391)	1,484,219			0	29,714	07/01/2018	1FE	
3128H7 PG 1	FHLMC FGE99423		5.000 07/01/2018	05/01/2004	VARIOUS	23,697,488	23,806,534	24,185,950	24,185,899			(35,634)		(35,634)	24,150,265		(452,777)	(452,777)	514,321	07/01/2018	1FE	
3128H7 R9 5	FHLMC FGE99512		5.500 07/01/2018	06/10/2004	NOMURA SECURITIES	13,501,291	13,258,902	13,511,650	13,511,650					0	13,511,650		(10,359)	(10,359)	32,411	07/01/2018	1FE	
3128H7 SD 5	FHLMC FGE99516		5.000 08/01/2018	05/01/2004	VARIOUS	88,553,059	89,173,106	90,910,457	90,913,896			(203,453)		(203,453)	90,710,442		(2,157,383)	(2,157,383)	1,848,832	08/01/2018	1FE	
3128H7 T8 5	FHLMC FGE99575		5.000 07/01/2018	04/15/2004	VARIOUS	484,492	484,492	490,775	490,929			(6,437)		(6,437)	484,492			0	78,083	07/01/2018	1FE	
3128H8 DA 5	FHLMC FGE99997		5.000 08/01/2018	05/01/2004	VARIOUS	47,926,280	47,640,968	48,385,358	48,391,202			(92,214)		(92,214)	48,298,988		(372,708)	(372,708)	1,004,887	08/01/2018	1FE	
31294K V8 5	FHLMC FGE01539		5.500 09/01/2018	06/01/2004	MBS PAYDOWN	772,921	772,921	785,300	772,930			(9)		(9)	772,921			0	3,534	09/01/2018	1FE	
31294K XU 4	FHLMC FGE01591		5.500 10/01/2018	06/01/2004	MBS PAYDOWN	336,987	336,987	342,726	336,996			(8)		(8)	336,987			0	1,536	10/01/2018	1FE	
312962 2U 6	FHLMC FGB10787		5.500 11/01/2018	05/01/2004	VARIOUS	23,289,649	22,940,017	23,628,217	23,644,682			(84,814)		(84,814)	23,559,867		(270,219)	(270,219)	496,000	11/01/2018	1FE	
312962 FT 5	FHLMC FGB10178		5.000 10/01/2018	06/01/2004	MBS PAYDOWN	8,004,036	8,004,036	8,146,608	8,017,032			(12,996)		(12,996)	8,004,036			0	155,001	10/01/2018	1FE	
312962 JA 6	FHLMC FGB10283		5.000 09/01/2018	04/01/2004	VARIOUS	47,689,045	47,022,509	47,632,332	47,653,214			(79,193)		(79,193)	47,574,020		115,025	115,025	825,559	09/01/2018	1FE	
312962 WN 9	FHLMC FGB10653		5.500 09/01/2018	05/01/2004	VARIOUS	23,961,051	23,613,708	24,325,809	24,364,750			(327,214)		(327,214)	24,198,200		(237,150)	(237,150)	423,845	09/01/2018	1FE	
312962 ZL 0	FHLMC FGB10747		5.500 10/01/2018	06/01/2004	VARIOUS	56,905,678	55,923,463	57,896,902	58,000,810			(547,927)		(547,927)	57,613,548		(707,869)	(707,869)	1,251,681	10/01/2018	1FE	
312963 5T 4	FHLMC FGB11758		5.000 12/01/2018	06/01/2004	MBS PAYDOWN	2,183,473	2,183,473	2,240,619	2,187,276			(3,802)		(3,802)	2,183,473			0	30,754	12/01/2018	1FE	
312963 BE 0	FHLMC FGB10937		5.000 10/01/2018	04/15/2004	VARIOUS	1,138,653	1,138,653	1,151,107	1,151,970			(13,317)		(13,317)	1,138,653			0	151,984	10/01/2018	1FE	
312964 EJ 4	FHLMC FGB11937		5.000 11/01/2018	05/01/2004	VARIOUS	49,227,265	48,798,746	50,068,275	50,098,962			(147,222)		(147,222)	49,951,740		(724,475)	(724,475)	771,344	11/01/2018	1FE	
312964 SC 4	FHLMC FGB12315		5.000 01/01/2019	05/01/2004	VARIOUS	9,832,361	9,746,374	9,897,138	9,897,138			(8,012)		(8,012)	9,889,126		(56,764)	(56,764)	54,621	01/01/2019	1FE	
312965 HJ 8	FHLMC FGB12933		5.000 12/01/2018	06/01/2004	MBS PAYDOWN	840,607	840,607	853,348	840,810			(203)		(203)	840,607			0	5,764	12/01/2018	1FE	
312965 KP 0	FHLMC FGB13002		5.000 03/01/2019	06/01/2004	MBS PAYDOWN	2,326,610	2,326,610	2,394,643	2,327,210			(600)		(600)	2,326,610			0	16,659	03/01/2019	1FE	
312965 RF 5	FHLMC FGB13186		5.000 10/01/2018	06/01/2004	VARIOUS	26,484,184	26,623,779	27,033,536	27,033,536			(13,915)		(13,915)	27,019,621		(535,437)	(535,437)	265,912	10/01/2018	1FE	
312966 BS 2	FHLMC FGB13649		5.000 04/01/2019	06/01/2004	MBS PAYDOWN	466,939	466,939	470,295	466,944			(6)		(6)	466,939			0	1,940	04/01/2019	1FE	
31296S BJ 4	FHLMC FGA17241		6.000 11/01/2033	06/01/2004	MBS PAYDOWN	3,680,610	3,680,610	3,837,036	3,695,486			(14,876)		(14,876)	3,680,610			0	44,630	11/01/2033	1FE	
31296S X7 6	FHLMC FGA17902		6.000 11/01/2033	06/01/2004	MBS PAYDOWN	3,175,599	3,175,599	3,304,608	3,186,570			(10,971)		(10,971)	3,175,599			0	38,574	11/01/2033	1FE	
3133X0 6Q 7	FHLB 4.125 08/13/2010		05/03/2004	UBS SECURITIES		78,538,400	80,000,000	81,674,095	81,674,095			(43,551)		(43,551)	81,630,544		(3,092,144)	(3,092,144)	680,616	08/13/2010	1FE	
3133X4 2H 3	FHLB 4.000 02/15/2011		04/01/2004	JPM		10,128,500	10,000,000	10,008,090	10,008,090			(278)		(278)	10,007,812		120,688	120,688	61,944	02/15/2011	1FE	
3134A2 UJ 5	FHLMC 5.125 10/15/2008		05/03/2004	LEHMAN BROTHERS		26,346,175	25,000,000	24,740,300	24,831,339			11,574		11,574	24,842,913		1,503,262	1,503,262	719,820	10/15/2008	1FE	
3134A3 3L 8	FHLMC 7.000 03/15/2010	</																				

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2		3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
											11	12	13	14	15							
CUSIP Identification	Description		For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
3134A3 M7 8	FHLMC	6.625 09/15/2009.....	..	05/03/2004	J.P.MORGAN.....		11,181,680	10,000,000	9,871,350	9,911,114		4,567		4,567		9,915,680		1,266,000	1,266,000	425,990	09/15/2009	1FE.....
3134A4 DY 7	FHLMC	5.625 03/15/2011.....	..	05/03/2004	CS FIRST BOSTON.....		10,633,203	10,000,000	9,923,900	9,940,080		2,465		2,465		9,942,544		690,659	690,659	360,277	03/15/2011	1FE.....
3134A4 FM 1	FHLMC	6.000 06/15/2011.....	..	05/03/2004	UBS SECURITIES.....		16,259,085	15,000,000	15,092,400	15,074,558		(3,402)		(3,402)		15,071,155		1,187,930	1,187,930	344,098	06/15/2011	1FE.....
3134A4 UD 4	FHLMC	3.625 09/15/2008.....	..	04/05/2004	CS FIRST BOSTON.....		26,298,594	26,000,000	25,849,980	25,852,080		8,303		8,303		25,860,382		438,211	438,211	545,004	09/15/2008	1FE.....
31359M LS 0	FNMA	5.375 11/15/2011.....	..	05/03/2004	J.P.MORGAN.....		52,170,450	50,000,000	53,787,227	53,787,227		(59,032)		(59,032)		53,728,195		(1,557,745)	(1,557,745)	1,202,600	11/15/2011	1FE.....
31359M PF 4	FNMA	4.375 09/15/2012.....	..	05/03/2004	VARIOUS.....		53,616,305	55,000,000	55,357,585	55,357,585		(2,714)		(2,714)		55,354,871		(1,738,566)	(1,738,566)	1,508,484	09/15/2012	1FE.....
31359M TZ 6	FNMA	3.250 02/15/2009.....	..	05/03/2004	J.P.MORGAN.....		48,465,200	50,000,000	49,974,365	49,974,365		3,401		3,401		49,977,766		(1,512,566)	(1,512,566)	459,303	02/15/2009	1FE.....
31401B YH 2	FNMA FN703712	5.500 09/01/2017.....	..	06/01/2004	MBS PAYDOWN.....		1,063,071	1,063,071	1,094,133	1,062,992		79		79		1,063,071			0	4,951	09/01/2017	1FE.....
31403F ZJ 6	FNMA FN747845	5.000 11/01/2018.....	..	06/01/2004	MBS PAYDOWN.....		1,040,504	1,040,504	1,073,182	1,040,895		(391)		(391)		1,040,504			0	5,819	11/01/2018	1FE.....
31403G XZ 0	FNMA FN748696	5.500 04/01/2018.....	..	06/01/2004	MBS PAYDOWN.....		621,395	621,395	632,658	621,393		2		2		621,395			0	2,850	04/01/2018	1FE.....
312962 FT 5	FHLMC FG10178	5.000 10/01/2018.....	..	06/30/2004	MBS PAYDOWN.....		746,107	746,107						0		757,532			0		10/01/2018	1FE.....
U.S.							816,419,226	810,058,354	825,053,005	824,600,209	0	(1,741,951)	0	(1,741,951)	0	823,937,111	0	(7,506,460)	(7,506,460)	15,455,961	...XXX.....	...XXX.....
3199999.	Total - Bonds - Special Revenue & Assessment.....						816,419,226	810,058,354	825,053,005	824,600,209	0	(1,741,951)	0	(1,741,951)	0	823,937,111	0	(7,506,460)	(7,506,460)	15,455,961	...XXX.....	...XXX.....

Bonds - Industrial and Miscellaneous

United States

060505	BG	8	BANK OF AMERICA CORP.	5.250 12/01/2011	04/16/2004	BARCLAY CAPITAL	9,888,100	10,000,000	10,003,900	10,003,504	96	96	10,003,600	(115,500)	(115,500)	223,221	12/01/2015	1FE
073902	CE	6	BEAR STEARNS	4.500 10/28/2010	06/17/2004	BEAR STEARNS	15,452,640	16,000,000	15,454,080	15,454,080	6,270	6,270	15,460,350	(7,710)	(7,710)	114,270	10/28/2010	1FE
073902	CF	3	BEAR STEARNS	3.250 03/25/2009	05/13/2004	BEAR STEARNS	14,972,000	16,000,000	15,942,240	15,942,240	1,123	1,123	15,943,363	(971,363)	(971,363)	77,678	03/25/2009	1FE
084664	AE	1	BERKSHIRE HATHAWAY FINA	4.200 12/15/2010	06/15/2004	BARCLAY CAPITAL	9,591,100	10,000,000	9,972,500	9,972,481	1,582	1,582	9,974,062	(382,962)	(382,962)	206,915	12/15/2010	1FE
10138M	AB	1	BOTTLING GROUP	4.625 11/15/2011	06/08/2004	CITIGROUP GLOBAL	9,578,700	10,000,000	9,943,880	9,948,420	2,266	2,266	9,950,686	(371,986)	(371,986)	270,773	11/15/2012	1FE
10138M	AF	2	BOTTLING GROUP	5.000 11/15/2011	04/28/2004	CITIGROUP GLOBAL	9,960,200	10,000,000	9,934,800	9,934,838	2,140	2,140	9,936,978	23,222	23,222	235,473	11/15/2013	1FE
14912L	Z3	8	CATERPILLAR FINANCIAL	3.450 01/15/2012	06/16/2004	CITIGROUP GLOBAL	19,426,700	20,000,000	19,600,500	19,600,500	7,040	7,040	19,607,540	(180,840)	(180,840)	245,665	01/15/2009	1FE
166760	AB	4	CHEVRONTXACO CAPITAL	3.375 02/15/2008	05/13/2004	BARCLAY CAPITAL	9,787,800	10,000,000	10,140,900	10,127,631	(11,301)	(11,301)	10,116,330	(328,530)	(328,530)	244,636	02/15/2008	1FE
172967	AZ	4	CITIGROUP, INC.	7.250 10/01/2010	06/15/2004	CITIGROUP GLOBAL	17,928,000	16,000,000	18,413,440	18,413,440	(45,958)	(45,958)	18,367,482	(439,482)	(439,482)	202,154	10/01/2010	1FE
172967	CH	2	CITIGROUP, INC.	3.625 02/09/2009	04/23/2004	BEAR STEARNS	15,738,560	16,000,000	15,982,560	15,982,560	61	61	15,982,621	(244,061)	(244,061)	127,339	02/09/2009	1FE
205887	BA	9	CONAGRA FOODS, INC.	6.750 09/15/2012	06/16/2004	VARIOUS	10,862,800	10,000,000	10,199,000	10,171,409	(8,280)	(8,280)	10,163,128	699,672	699,672	506,407	09/15/2011	1FE
22237L	MQ	2	COUNTRYWIDE HOME LOAN	5.625 05/15/2007	05/05/2004	BEAR STEARNS	10,568,750	10,000,000	9,981,900	9,986,486	1,885	1,885	9,988,371	580,379	580,379	275,322	05/15/2007	1FE
244217	BK	0	JOHN DEERE CAPITAL CORP	5.100 01/15/2013	06/18/2004	CITIGROUP GLOBAL	14,807,250	15,000,000	14,808,800	14,817,769	7,423	7,423	14,825,192	(17,942)	(17,942)	725,673	01/15/2013	1FE
36962G	E7	5	GENERAL ELECTRIC CAPITA	4.250 12/01/2010	05/06/2004	BARCLAY CAPITAL	14,532,000	15,000,000	14,817,300	14,818,386	8,285	8,285	14,826,671	(294,671)	(294,671)	291,618	12/01/2010	1FE
36962G	YY	4	GENERAL ELECTRIC CAPITA	6.000 06/15/2012	05/06/2004	BARCLAY CAPITAL	5,266,000	5,000,000	5,510,850	5,510,850	(11,628)	(11,628)	5,499,222	(233,222)	(233,222)	110,039	06/15/2012	1FE
370334	AW	4	GENERAL MILLS, INC.	3.875 11/30/2007	05/13/2004	BARCLAY CAPITAL	6,925,940	7,000,000	7,047,530	7,038,739	(3,442)	(3,442)	7,035,297	(109,357)	(109,357)	123,141	11/30/2007	1FE
38141G	DB	7	GOLDMAN SACHS	5.250 04/01/2013	06/22/2004	CITIGROUP GLOBAL	9,669,200	10,000,000	10,393,300	10,393,300	(8,455)	(8,455)	10,384,845	(715,645)	(715,645)	114,045	04/01/2013	1FE
38143U	AA	9	GOLDMAN SACHS	3.875 01/15/2009	06/21/2004	CITIGROUP GLOBAL	4,848,150	5,000,000	4,988,750	4,988,750	828	828	4,989,578	(141,428)	(141,428)	87,478	01/15/2009	1FE
38143U	AB	7	GOLDMAN SACHS	5.150 01/15/2014	06/24/2004	CITIGROUP GLOBAL	6,714,400	7,000,000	6,973,470	6,973,470	779	779	6,974,249	(259,849)	(259,849)	167,009	01/15/2014	1FE
459200	BA	8	IBM CORPORATION	4.750 11/29/2012	06/21/2004	BARCLAY CAPITAL	14,567,400	15,000,000	14,730,600	14,753,439	10,809	10,809	14,764,248	(196,848)	(196,848)	416,538	11/29/2012	1FE
46625H	BJ	8	JP MORGAN CHASE COMPANY	4.875 03/15/2014	04/16/2004	BARCLAY CAPITAL	9,690,200	10,000,000	9,978,700	9,978,700	(335)	(335)	9,978,365	(288,165)	(288,165)	56,540	03/15/2014	1FE
52517P	SC	6	LEHMEN BROTHERS HOLDING	6.625 01/18/2012	04/23/2004	BEAR STEARNS	11,097,000	10,000,000	10,541,200	10,478,284	(16,096)	(16,096)	10,462,188	634,812	634,812	499,182	01/18/2012	1FE
52517P	VM	0	LEHMEN BROTHERS HOLDING	4.375 11/30/2010	06/22/2004	BARCLAY CAPITAL	5,771,820	6,000,000	6,078,840	6,078,840	(3,518)	(3,518)	6,075,322	(303,502)	(303,502)	152,524	11/30/2010	1FE
52517P	VV	0	LEHMEN BROTHERS HOLDING	4.800 03/13/2014	04/23/2004	CITIGROUP GLOBAL	9,581,300	10,000,000	9,937,500	9,937,500	185	185	9,937,685	(356,385)	(356,385)	84,185	03/13/2014	1FE
589331	AH	0	MERCK & COMPANY INC.	4.375 02/15/2013	06/15/2004	BEAR STEARNS	9,521,300	10,000,000	9,725,500	9,732,408	10,926	10,926	9,743,334	(222,034)	(222,034)	379,155	02/15/2013	1FE
61744A	AN	0	MORGAN STANLEY	4.250 05/15/2010	04/01/2004	BEAR STEARNS	10,198,600	10,000,000	9,957,500	9,958,760	1,524	1,524	9,960,283	238,317	238,317	167,982	05/15/2010	1FE
642866	FD	4	NEW BRUNSWICK PROVINCE	3.500 10/23/2007	05/13/2004	CITIGROUP GLOBAL	9,901,300	10,000,000	10,011,950	10,010,274	(840)	(840)	10,009,434	(108,134)	(108,134)	198,466	10/23/2007	1FE
655844	AH	1	NORFOLK SOUTHERN CORP	7.350 05/15/2007	06/10/2004	CITIGROUP GLOBAL	10,915,200	10,000,000	10,468,400	10,279,341	(34,192)	(34,192)	10,245,149	670,051	670,051	394,558	05/15/2007	1FE
693304	AD	9	PECO ENERGY	4.750 10/01/2012	06/10/2004	BARCLAY CAPITAL	11,523,360	12,000,000	11,886,840	11,888,277	4,719	4,719	11,892,996	(369,636)	(369,636)	406,885	10/01/2012	1FE
71345L	EJ	3	PEPSICO INC.	3.200 05/15/2007	05/11/2004	BARCLAY CAPITAL	9,989,500	10,000,000	9,989,100	9,989,100	22	22	9,989,122	(99,622)	(99,622)	7,133	05/15/2007	1FE
742718	BX	6	PROCTER & GAMBLE COMPAN	4.300 08/15/2008	05/13/2004	BARCLAY CAPITAL	10,061,100	10,000,000	10,398,700	10,386,384	(29,736)	(29,736)	10,356,647	(295,547)	(295,547)	296,347	08/15/2008	1FE
748148	QX	4	GOVERNMENT OF QUEBEC	6.125 01/22/2011	06/22/2004	BEAR STEARNS	5,359,100	5,000,000	4,868,700	4,895,506	5,676	5,676	4,901,182	457,918	457,918	288,957	01/22/2011	1FE
78442F	BG	2	SLM CORPORATION	5.000 10/01/2013	05/12/2004	BEAR STEARNS	9,484,600	10,000,000	10,147,100	10,003,250	141,180	141,180	10,144,430	(659,830)	(659,830)	464,791	10/01/2013	1FE

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2		3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
			For Foreign								11	12	13	14	15							
CUSIP Identification	Description			Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's Amortization/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
803111 AP 8	SARA LEE CORP	2.750 06/15/2008	..	.06/16/2004	BARCLAY CAPITAL.....	.....	.....10,436,800	.....11,000,000	.....10,666,650	.....10,672,545	.....	.....31,566	.....	.....31,566	.....	.....10,704,111	.....	.....(267,311)	.....(267,311)	.....187,857	06/15/2008	1FE.....
803111 AQ 6	SARA LEE CORP	3.875 06/15/2013	..	.06/16/2004	BARCLAY CAPITAL.....	.....	.....13,430,100	.....15,000,000	.....13,910,050	.....13,932,815	.....	.....42,822	.....	.....42,822	.....	.....13,975,637	.....	.....(545,537)	.....(545,537)	.....343,134	06/15/2013	1FE.....
87030A CD 8	SWEDISH EXPORT CREDIT	2.875 01/26	..	.05/03/2004	UBS SECURITIES.....	.....	.....9,966,000	.....10,000,000	.....9,968,600	.....9,969,022	.....	.....3,253	.....	.....3,253	.....	.....9,972,275	.....	.....(6,275)	.....(6,275)	.....119,051	01/26/2007	1FE.....
87612E AG 1	TARGET CORPORTATION	5.400 10/01	..	.06/15/2004	BEAR STEARNS.....	.....	.....5,205,700	.....5,000,000	.....5,004,400	.....5,002,669	.....	.....(261)	.....	.....(261)	.....	.....5,002,408	.....	.....203,292	.....203,292	.....192,489	10/01/2008	1FE.....
87612E AL 0	TARGET CORPORTATION	3.375 03/01	..	.05/13/2004	BARCLAY CAPITAL.....	.....	.....19,509,200	.....20,000,000	.....20,000,200	.....20,000,200	.....	.....(191)	.....	.....(191)	.....	.....20,000,009	.....	.....(490,809)	.....(490,809)	.....481,684	03/01/2008	1FE.....
90333W AA 6	U.S. BANK NA MINNESOTA	6.375 08/01/1	..	.06/10/2004	BEAR STEARNS.....	.....	.....10,680,950	.....10,000,000	.....10,159,600	.....10,133,478	.....	.....(6,685)	.....	.....(6,685)	.....	.....10,126,793	.....	.....554,157	.....554,157	.....549,356	08/01/2011	1FE.....
90333W AC 2	U.S. BANK	4.800 04/15/2015	.....	.04/15/2004	BEAR STEARNS.....	.....	.....9,650,500	.....10,000,000	.....9,761,300	.....9,761,814	.....	.....5,424	.....	.....5,424	.....	.....9,767,238	.....	.....(116,738)	.....(116,738)	.....252,090	04/15/2015	1FE.....
906548 CA 8	UNION ELECTRIC	5.100 08/01/2018	.....	.06/09/2004	BARCLAY CAPITAL.....	.....	.....8,343,404	.....9,000,000	.....8,934,790	.....8,935,646	.....	.....1,205	.....	.....1,205	.....	.....8,936,851	.....	.....(593,446)	.....(593,446)	.....404,743	08/01/2018	1FE.....
925524 AS 9	VIACOM, INC.	5.625 05/01/2007	.....	.05/13/2004	BEAR STEARNS.....	.....	.....15,780,450	.....15,000,000	.....14,948,800	.....14,963,335	.....	.....4,515	.....	.....4,515	.....	.....14,967,850	.....	.....812,600	.....812,600	.....463,890	05/01/2007	1FE.....
927804 EV 2	VIRGINIA ELECTRIC & POW	4.500 12/15/	.....	.04/22/2004	BARCLAY CAPITAL.....	.....	.....11,737,391	.....11,895,000	.....12,214,874	.....12,214,874	.....	.....4,554	.....	.....4,554	.....	.....12,219,428	.....	.....(482,037)	.....(482,037)	.....209,742	12/15/2010	1FE.....
931142 BU 6	WAL-MART STORES	3.375 10/01/20	.....	.05/05/2004	CITIGROUP GLOBAL.....	.....	.....4,869,650	.....5,000,000	.....4,961,250	.....4,961,250	.....	.....2,530	.....	.....2,530	.....	.....4,963,780	.....	.....(94,130)	.....(94,130)	.....104,718	10/01/2008	1FE.....
949746 FJ 5	WELLS FARGO & CO	4.950 10/16/20	.....	.04/16/2004	BARCLAY CAPITAL.....	.....	.....9,925,300	.....10,000,000	.....9,947,800	.....9,947,951	.....	.....1,916	.....	.....1,916	.....	.....9,974,503	.....	.....(49,200)	.....(49,200)	.....256,291	10/16/2013	1FE.....
U.S.							.....483,615,515	.....487,895,000	.....489,308,644	.....488,944,515	.....0	.....131,686	.....0	.....131,686	.....0	.....489,100,833	.....0	.....(5,485,314)	.....(5,485,314)	.....11,727,144	.....XXX.....	.....XXX.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....						.....483,615,515	.....487,895,000	.....489,308,644	.....488,944,515	.....0	.....131,686	.....0	.....131,686	.....0	.....489,100,833	.....0	.....(5,485,314)	.....(5,485,314)	.....11,727,144	.....XXX.....	.....XXX.....
6099997.	Total - Bonds - Part 4.....						.....1,472,568,257	.....1,470,703,354	.....1,486,069,579	.....1,485,276,569	.....0	.....(1,671,078)	.....0	.....(1,671,078)	.....0	.....1,484,708,976	.....0	.....(12,129,294)	.....(12,129,294)	.....31,125,825	.....XXX.....	.....XXX.....
6099999.	Total - Bonds.....						.....1,472,568,257	.....1,470,703,354	.....1,486,069,579	.....1,485,276,569	.....0	.....(1,671,078)	.....0	.....(1,671,078)	.....0	.....1,484,708,976	.....0	.....(12,129,294)	.....(12,129,294)	.....31,125,825	.....XXX.....	.....XXX.....
Common Stocks - Industrial and Miscellaneous																						
United States																						
78462F 10 3	SPY EXCHANGE TRADED FUNDS.....	..	.06/24/2004	CITIGROUP GLOBAL.....	.....	.....43,900.000	.....5,032,139	.....	.....4,816,708	.....4,816,708	.....	.....	.....	.....0	.....	.....4,816,708	.....	.....215,431	.....215,431	.....	.....XXX.....	.....L.....
784924 88 8	STATE STREET S&P INDEX FUND.....	..	.05/10/2004	STATE STREET.....	.....	.....40,000,000	.....	.....	.....38,384,175	.....40,868,114	.....(2,483,939)	.....	.....	.....(2,483,939)	.....	.....38,384,175	.....	.....1,615,825	.....1,615,825	.....150,631	.....XXX.....	.....L.....
922908 88 4	VANGUARD EXT MKT INDEX FUND.....	..	.05/11/2004	VANGUARD MUTUAL FUND....	.....	.....735,720,296.000	.....19,503,945	.....	.....16,825,923	.....19,621,660	.....(2,795,737)	.....	.....	.....(2,795,737)	.....	.....16,825,923	.....	.....2,678,022	.....2,678,022	.....	.....XXX.....	.....L.....
316191 60 0	Fid Retire MMKT.....	..	.06/30/2004	Fidelity.....	.....	.....369,799.810	.....369,800	.....	.....369,800	.....	.....	.....	.....	.....0	.....	.....369,800	.....	.....	.....0	.....	.....XXX.....	.....L.....
316389 20 4	Fid Gr & Inc.....	..	.06/30/2004	Fidelity.....	.....	.....459.903	.....16,203	.....	.....16,128	.....	.....	.....	.....	.....0	.....	.....16,128	.....	.....	.....0	.....	.....XXX.....	.....L.....
316184 10 0	Fid Magellan.....	..	.06/30/2004	Fidelity.....	.....	.....125.704	.....12,103	.....	.....12,461	.....	.....	.....	.....	.....0	.....	.....12,461	.....	.....	.....0	.....	.....XXX.....	.....L.....
315911 20 6	Spartan US Eq.....	..	.06/30/2004	Fidelity.....	.....	.....100.452	.....4,000	.....	.....3,622	.....	.....	.....	.....	.....0	.....	.....3,622	.....	.....	.....0	.....	.....XXX.....	.....L.....
471023 80 4	Janus Enterprise.....	..	.06/30/2004	Fidelity.....	.....	.....3,597.375	.....113,389	.....	.....94,325	.....	.....	.....	.....	.....0	.....	.....94,325	.....	.....	.....0	.....	.....XXX.....	.....L.....
31617R 50 6	Freedom 2010.....	..	.06/30/2004	Fidelity.....	.....	.....437.326	.....5,585	.....	.....5,675	.....	.....	.....	.....	.....0	.....	.....5,675	.....	.....	.....0	.....	.....XXX.....	.....L.....
86335K 10 0	Strong Opportunity.....	..	.06/30/2004	Fidelity.....	.....	.....2,974.479	.....118,830	.....	.....97,558	.....	.....	.....	.....	.....0	.....	.....97,558	.....	.....	.....0	.....	.....XXX.....	.....L.....
262001 44 9	Drey Fndrs Discvry.....	..	.06/30/2004	Fidelity.....	.....	.....4,904.356	.....125,306	.....	.....121,575	.....	.....	.....	.....	.....0	.....	.....121,575	.....	.....	.....0	.....	.....XXX.....	.....L.....
U.S.							.....65,301,301	.....XXX.....	.....60,747,948	.....65,306,482	.....(5,279,676)	.....0	.....0	.....(5,279,676)	.....0	.....60,747,948	.....0	.....4,509,278	.....4,509,278	.....150,631	.....XXX.....	.....XXX.....
6899999.	Total - Common Stocks - Industrial & Miscellaneous.....						.....65,301,301	.....XXX.....	.....60,747,948	.....65,306,482	.....(5,279,676)	.....0	.....0	.....(5,279,676)	.....0	.....60,747,948	.....0	.....4,509,278	.....4,509,278	.....150,631	.....XXX.....	.....XXX.....
7299997.	Total - Common Stocks - Part 4.....						.....65,301,301	.....XXX.....	.....60,747,948	.....65,306,482	.....(5,279,676)	.....0	.....0	.....(5,279,676)	.....0	.....60,747,948	.....0	.....4,509,278	.....4,509,278	.....150,631	.....XXX.....	.....XXX.....
7299999.	Total - Common Stocks.....						.....65,301,301	.....XXX.....	.....60,747,948	.....65,306,482	.....(5,279,676)	.....0	.....0	.....(5,279,676)	.....0	.....60,747,948	.....0	.....4,509,278	.....4,509,278	.....150,631	.....XXX.....	.....XXX.....
7399999.	Total - Preferred and Common Stocks.....						.....65,301,301	.....XXX.....	.....60,747,948	.....65,306,482	.....(5,279,676)	.....0	.....0	.....(5,279,676)	.....0	.....60,747,948	.....0	.....4,509,278	.....4,509,278	.....150,631	.....XXX.....	.....XXX.....
7499999.	Total - Bonds, Preferred and Common Stocks.....						.....1,537,869,558	.....XXX.....	.....1,546,817,527	.....1,550,583,051	.....(5,279,676)	.....(1,671,078)	.....0	.....(6,950,754)	.....0	.....1,545,456,924	.....0	.....(7,620,016)	.....(7,620,016)	.....31,276,456	.....XXX.....	.....XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

E05.2

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

BLUE CROSS BLUE SHIELD OF MICHIGAN
SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
Comerica	Detroit, Michigan.....				...(15,085,763)	...(3,196,013)	...(50,985,057)	XXX
Bank One.....	Detroit, Michigan.....				...(18,361,367)	...(26,613,798)	...(25,038,930)	XXX
Michigan National Bank.....	Farmington Hills, Michigan.....				30,908,234	31,653,211	39,562,785	XXX
First Independence.....	Detroit, Michigan.....				5,852,303	356,910	144,976	XXX
Health One Credit Union.....	Detroit, Michigan.....				...(8,333)	...(1,907)	6,945	XXX
Northern Michigan Bank.....	Marquette, Michigan.....				12,031	11,969	11,870	XXX
First Wachovia Bank.....	Charlotte, North Carolina.....				8,790,995	8,827,459	8,857,759	XXX
Standard Federal Bank.....	Detroit, Michigan.....				...(62,596,191)	...(50,305,353)	...(76,835,299)	XXX
Federal Home Loan Bank of Indianapolis.....	Indianapolis, Indiana.....				132,784	121,802	121,521	XXX
First Union Bank.....	Charlotte, North Carolina.....				...(51,391,716)	...(56,247,840)	...(37,154,053)	XXX
0199999. Total Open Depositories.....	XXX.....	XXX.....	0	0	...(101,747,023)	...(95,393,560)	...(141,307,483)	XXX
0399999. Total Cash on Deposit.....	XXX.....	XXX.....	0	0	...(101,747,023)	...(95,393,560)	...(141,307,483)	XXX
0499999. Cash in Company's Office.....	XXX.....	XXX.....	XXX.....	XXX.....	11,715	11,715	11,715	XXX
0599999. Total Cash.....	XXX.....	XXX.....	0	0	...(101,735,308)	...(95,381,845)	...(141,295,768)	XXX